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NEWS SUMMARY

GENERAL

Spanish school blast kills 67

An explosion wrecked part of a school in the Basque mining town of Ortuella, killing at least 67, most of them children.

The fire brigade said a gas leak ignited by a spark may have caused the blast. Hospitals in Bilbao treated at least 49 *children, about 20 seriously* injured. Page 2

Also in the Basque region, gunmen shot dead a politician and company executive.

Ulster concession

The Government is to allow male prisoners in Ulster's jails to wear civilan clothes. The decsion comes before Monday's threatened hunger strike by IRA men in the Maze jail who demand to be treated as political prisoners.

Prisons dispute

Prison Officers' Association leaders said their dispute seemed certain to escalate following a meeting with Home Secretary William Whitelaw. He will announce new measures on Monday for dealing with prisoners.

Bomb injuries

Several people believed to include police recruits were injured when a car bomb exploded at Enniskillen, Ulster.

Housing halted

An immediate temporary freeze on local authority housing expenditure in England was imposed by the Government. Back Page; Editorial Comment Page 20

Unions' promise

Print unions at Times Newspapers promised speedy agreement to allow computerised typesetting in an attempt to stop the sale of the newspapers. *Back Page and Page 8*

Defence proposal

Treasury Chief Secretary John Biffen has raised the possibility of defence spending cuts of up to £500m a year until 1984. Page 8

Fighter attacks

Iranian fighter - bombers attempted to drive back Iraqi troops besieging the key cities of Khuzestan oil province. Page 4

Third alert

Trading was cancelled on the Paris Bourse for the second day running after a bomb alert, the third this week.

Wine price plan

Wine prices in Britain could drop by up to 23p a bottle because of EEC proposals to harmonise excise duties. Page 2

Fight at court

Fighting involving police and coloured and white youths broke out at Bristol Court where 16 people face charges arising from riots in the city in April.

Severe floods

Severe floods hit Ulster where more rain fell in 1 2hours than in a normal 10-day period at this time of year. Weather, Back Page

Briefly . . .

Britain's oldest inhabitant, Mrs. Florence Pannell, died in a London home aged 111.

President Kaunda imposed a dusk to dawn curfew covering most of Zambia's urban areas. Page 4

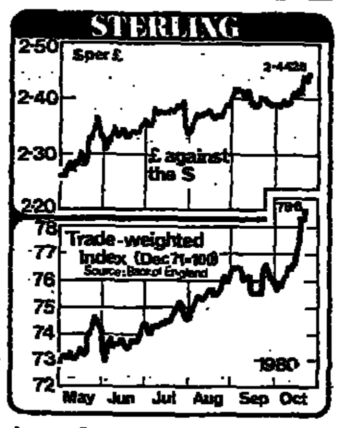
Two East German soldiers crossed to West Germany in an army truck, smashing through metal border fences.

New Zealand's ruling National Party confirmed Premier Robert Muldoon as its leader.

BUSINESS

Sterling at 7-year high against $

● STERLING closed at a seven-year high of $2.4425, helpel by the news that MLR was unchanged. Its trade-weighted index reached a 5½-year high of 78.6 (78.3). Page 31



● DOLLAR eased to DM 1.8610 (DM 1.8625), but was slightly firmer against the yen at Y210.25 (209.40). Its trade index rose to 84.5 (84.4). Page 31

● EQUITIES rose on institutional enthusiasm. The FT 30-share index closed 3.8 up at 492.5. The FT-Actuaries All-*Share index reached 304.53,* another record. Page 34

● GILTS *were quiet.* The FT Government Securities index slipped 0.02 to 71.25. Page 34

● WALL STREET was down 15.53 at 939.59 near the close. Page 32

● GOLD fell $23 in London to close at $636.5. *Page 31*

● ITALY'S balance of payments *deficit to September was* L4,419bn (£2.06bn), against a surplus for the whole of last year of L1,824bn. Page 2

● INSTITUTIONS invested £1.43bn in overseas companies between June 1979 and June this year, compared with £1.27bn in UK companies. Back Page

● OFFSHORE OIL licence auctions are proposed by the Commons' Public Accounts Committee. Page 3

Bass in £81.7m bid for Coral

● BASS, the brewing and hotel group. made an £81.7m bid for Coral Leisure Group. Back and Page 24

● THREE of New Zealand's top *five industrial companies* merged. Page 29

● BRITISH SHIPBUILDERS' *£115m Polish ship order in 1977* cost £68m in losses and intervention fund assistance. Page 9

● EEC CEREAL harvest this year is expected to be a record 117.6m tonnes. *Page 33. Soviet* harvest collapse, Page 20

● *HEATING AND VENTILATING* workers agreed incerases of about 15 per cent on hourly rates. Page 10

● HITACHI, Japanese integrated *electrical equipment* maker, reports record half-year net profits of Y29.83bn (£58.8m) on exports up 46 per cent. Page 29

● SAINT-GOBAIN-*Pont-a-Mousson*, French diversified glass and pipemaking group, increased first half consolidated net profits by 69 per cent to FFr508m (£48.6m). Page 28

● BSG INTERNATIONAL, motor distributor and component manufacturer, *reports a* £440,000 loss for the first half. Page 22; Lex, Back Page

● McKECHNIE BROTHERS, engineer and manufacturer of *non-ferrous metals and chemicals*, raised pre-tax profits to £15.45m (£15.12m) in the year to July 31 on *excellent overseas* results. Page 24

● *GILL & DUFFUS GROUP*, international commodity broker, merchant and processor, estimates 1980 taxable profits at £21m (£20.56m) and is declaring an interim divIden dof 3.6p net (3p). Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Boots	242	+ 7
Coral Leisure	91	+ 9
Currys	259	+ 6
GEC	567	+ 12
Grand Met.	160	+ 4
GUS A	466	+ 16
Harris Queensway	170	+ 10
Hawker Siddeley	240	+ 6
Hunting Asscd.	360	+ 7
ICI	330	+ 8
Intnl. Thomson	376	+ 16
Kelsey Inds.	165	+ 13
Ladbroke	238	+ 4
Man. Agency Music	178	+ 6
Mothercare	250	+ 8
North British Prop.	154	+ 8
Pearl Assurance	464	+ 14
Plessey	274	+ 9
Saga Holidays	205	+ 17
Sainsbury (J.)	545	+ 20
Unitech	346	+ 16
Williams (Ben.)	29	+ 3
Wintrust	88	+ 3
Cambridge Pet.	310	+ 30
Colby Resources	316	+ 56
Killinghall Tin	565	+ 35
FALLS		
Bass	210	− 7
Gill and Duffus	188	− 8
Hartebeest	£40¾	− 1½

Ailing Kosygin resigns and is replaced by Tikhonov

BY DAVID SATTER IN MOSCOW

MR. ALEXEI KOSYGIN, 76, the Soviet Prime Minister and chief manager of the centralised Soviet economy, has resigned because of ill health and has been replaced by Mr. Nikolai Tikhonov, 75, his first deputy.

President Leonid Brezhnev of the Soviet Union told a session of the Supreme Soviet, the nominal parliament, that Mr. Kosygin had also asked to be relieved of his seat on the ruling Politburo.

It was the first voluntary resignation from that body since Mr. Anastas Mikoyan stepped down in 1965.

Mr. Kosygin who held the post of Prime Minister for 16 years, is reported to have suffered a severe heart attack last October, and apparently had a relapse recently after resuming his normal duties less than six months ago.

The retirement of Mr. Kosygin and his replacement by Mr. Tikhonov, a close associate of Mr. Brezhnev's for almost 50 years, is not expected to make a substantial difference to Soviet internal or foreign policy.

Mr. Kosygin sponsored a set of ambitious economic reforms *in 1965 intended to* decentralise Soviet industry and to make it quality-conscious and more efficient.

But the reforms had no significant effect, and during Mr. Kosygin's tenure as the country's economic overlord there was no attempt to revive them.

As Prime Minister Mr. Tikhonov will take over main responsibility for central direction of the Soviet economy.

The passing from the scene of the man who, with Mr. Brezhnev, inaugurated the period of "collective leader*ship" in the Soviet Union* following the fall of Mr. Nikita Khrushchev as Premier in 1964 cannot but have considerable symbolic importance for the Kremlin leadership. Almost all its key members are well over 70.

Mr. Brezhnev told the 1,500 deputies to the Supreme Soviet that Mr. Kosygin had sent him a letter on the previous day in which he said that he needed "rest and a departure from vigorous activities" in connection with his health, which had worsened recently.

Mr. Brezhnev made no re*marks in praise of Mr. Kosygin* —a sharp contrast with the precedent of 1965 when Mr. Mikoyan, who also stepped down on health grounds, received fulsome praise in a speech by Mr. Brezhnev.

But the Soviet leader expressed confidence in Mr. Tikhonov, who, he said, would "cope well with the high duties" now assigned to him.

Mr. Kosygin came to power as Prime Minister in 1964 as an apparent equal to Mr. Brezhnev, who became leader of the Communist Party.

He played a particularly *visible role in foreign policy in* the mid-1960s, meeting the then U.S. President Lyndon Johnson *in 1967* to defuse the tensions which had arisen between the super powers over the Six-Day War in the Middle East.

Even then, however, it was clear that Mr. Brezhnev was the most powerful man in the Soviet hierarchy. His authority increased as he used the natural advantages of Party leadership in the Soviety system to fill the Politburo gradually

Continued on Back Page
Consequences of Soviet grain disaster. Page 20

ICI blames strength of pound for £10m loss

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries, Britain's largest private-sector *manufacturing company*, yesterday reported a £10m loss—the first in its 54-year history—for *the three months betwen* July and S eptember this year.

In spite of the loss, ICI's shares yesterday closed 8p up at 330p having ranged between 318p and 332p.

Sir Maurice Hodgson chairman of the group, blamed the strength of sterling for the deficit and called for a reduction on the value of the pound.

ICI, the biggest exporter in the UK with sales worth £1.1bn *last year, is "only just breaking* even" on its e xports.

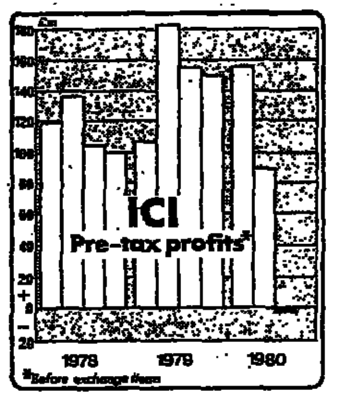
Sir Maurice said the group was "freezing to death" as a result of present exchange rates. He urged "some rethinking" on the part of the Government.

Sir Maurice denied that the announcement of ICI's losses—five weeks' earlier than had *been planned—was an attempt* to put pressure on the Government and reinforce the Confederation of British Industry's call for an easing of the economic climate.

He claimed ICI had been concerned about stock market speculation over its results and had felt unable to "justify" withholding the figures from its *shareholders and employees.*

The preliminary figures show that ICI incurred a pre-tax loss *of £10m, including a £7m* exchange loss, on sales of £1.30bn during the third quarter of this year.

Pre-tax profits for the first nine months of 1980 were £200m lower than for the same period last year. The group made pre-tax profits of £72m between April and June this year and pre-tax profits of



£155m in the third quarter of last year.

Sir Maurice said yesterday *that the company plans* to maintain the dividend for 1980.

The group's volume sales dropped by 12 per cent. between the first and third quarters of this eyar. This represented a loss of £150m to £200m in profits over a year.

The ICI businesses hardest hit by trading difficulties are petrochemicals, plastics, dyestuffs and fibres. Last week the group announced its was cutting over 4,200 jobs from its fibres and petrochemicals divisions and shutting two plants.

The group's operations had turned in a poor performance in the UK, Continental Europe and the U.S., although profit levels had been maintained in *South Africa, Australia and the* Far East. Its agrochemicals and pharmaceuticals businesses had also reported "sound" profits.

Sir Maurice, who said he saw no immediate prospect of an upturn in the business, stressed the problems posed by the strength of sterling. He said a 10 U.S. cent rise in sterling, against a basket of currencies expressed in terms of the U.S. dollar, cost ICI £50m.

"We have never thought that a continuing decline in sterling or the devaluation of the pound was an answer to our problems because both would merely stop *people from tackling their* difficulties," Sir Maurice said.

"We wanted a bracing climate. But there is a difference between a bracing climate and freezing to death.

"Our idea of a bracing climate would be a sterling exchange rate that is lower than the present one. Adjustments to the present high pound require changes in efficiency and performance that are beyond reasonable attainment in the time we have had available.

"*We shall continue to sup*port the Government's main objectives but the mechanisms *for achieving them do need* some rethinking at this stage.

"It is very important that sterling should be reduced in value. I am less confident in sugesting exactly how this should be done."

Sir Maurice also said ICI would welcome a cut in the high interest rates. These did not hit the group directly but they *were contributing to the erosion* of its customer base.

About 100 UK mills had been shut this year and this had had an effect on ICI's fibres and dyestuffs businesses.

ICI also complained about the high cost of oil and other raw materials and fuels whose prices were related to that of oil. It said heavy fuel oil was taxed *at a higher rate in the UK than* in other European countries or in the U.S.

Results, Page 22
Lex, Back Page

Treasury expects recession to be deeper and longer

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT expects that the level of economic activity and output in the UK will decline by about 1 per cent in 1981 after a fal of more than 2½ per cent this year.

Preliminary estimates from the latest Treasury economic forecasts, due to be published in the second half of next month, suggest *that the recession is* likely to be both deeper and longer than expected earlier this year.

This is conceded by even the strongest supporters of the Government's policy.

Economic strategists believe that the reduction in stocks by wholesalers and retailers may be coming to an end in some sectors, but destocking by manufacturing industry is expected to continue until early next year.

The expectation is that there could then be a sharp rise in output for a few months next *year after its current precipitate* fall, but this recovery may not be sustained and activity may thereafter remain flat until towards the end of 1981.

There are hopes that notified vacancies, always a leading indicator of economic turning points, may start to recover next spring from current low levels.

Treasury *forecasters* expect that the favourable impact of the end of large-scale destocking *will be offset* by the growing unfavourable effect on exports and on the current account of the big decline in competitiveness of the last two years.

Real incomes may also be squeezed, limiting the immediate scope for a sustained pick-up in consumer spending until later next year.

While total output is not expected to decline during the course of 1981, the sharp fall during this year means that the average level of activity in *1981 is likely to be well down* on this year. Preliminary indications are that the fall *may be roughly 1 per cent*; on some assumptions, it could be higher.

This compares with the estimate of most forecasters until recently that the drop in output, as measured by real Gross Domestic Product, might be about ½ per cent.

The implication is that unemployment will rise to a higher *level than previously assumed.* fficials are already concerned that higher spending on social *security benefits, lower Govern*ment revenue, and bigger nationalised industry deficits will push public sector borrowing in 1981-82 to well above the level of £7bn-£8bn (at next year's prices) implied by the medium-term financial strategy.

Treasury Ministers and officials have, however, become increasingly optimistic about the *outcome of the current pay* round. Earnings increases in both the traded goods sector, exposed to international competition, and in public sector services are expected to be in single figures.

There is a considerable debate within Whitehall about the extent of the expected slowdown in the 12-month rate of retail price inflation next year.

Continued on Back Page

Consumer spending falls again, Page 8
Redundancy news, Page 8
£1.4bn overseas securities bought ,Back Page

£ in New York

—	Oct. 22	previous
Spot	$2.4330-4340	$2.4385-4390
1 month	0.96-0.91 dis	0.90-0.85 dis
3 months	1.75-1.70 dis	1.54-1.49 dis
12 months	2.45-2.30 dis	2.55-2.40 dis

Gold and silver fall sharply

By David Marsh

THE LONDON gold price fell $23 yesterday to $636.50, its lowest closing level for seven weeks, as speculation increased about a possible early release of the U.S. hostages in Iran.

Silver and platinum also fell during a general wave of selling on precious metals markets, while no the London Metal Exchange copper and other base metals declined.

Tension between the U.S. and Iran generated by the hostage seizure nearly 12 months ago had been a major factor behind the climb in the gold price. At is recent peak of $720 an ounce during the early days of the Iraq-Iran war last month, the price was nearly double the level of a year ago.

During the past four weeks, however, gold has fallen more than $80. Many market participants have been selling gold and moving into dollar deposits and securities, taking advantage of higher U.S. interest rates and the dollar's *general rise against most* currencies except sterling.

Yesterday the dollar was slightly easier against the D-Mark and Swiss france but gained against the yen. Its trade weighted index measured by the Bank of England moved up further to 84.5 from 84.4.

Renewal of large-scale Soviet *deliveries to the Swiss* gold market, following a gap of almost a year, as well as selling of Middle East bonds, has also depressed the price.

Selling yesterday came from all sides.

The silver markets also came under pressure, with the spot quote in London dropping to $18.85 an ounce from $20.10, its lowest level since min-September.

Platinum fell to $658 an ounce from $674.50.

Money markets, Page 31

Seamen call one-day stoppage over Cunard flags dispute

BY PAULINE CLARK AND WILLIAM HALL

THE NATIONAL Union of Seamen yesterday called a *national one-day stoppage in all* British ports and an open-ended strike on Cunard ships in the dispute over flags of convenience.

The national stoppage, to be held on November 3, is likely to affect passenger ferries, especially in channel ports.

The union's 19-strong executive called the stoppage to enable mass meetings to discuss developments in the increasingly bitter row over Cunard's *plans to transfer two of its* cruise ships to the Bahamian flag.

Union leaders yesterday made it clear they were responding to the threat by Lord Matthews, chairman of Cunard, owned by Trafalgar House, on Tuesday that he would sell the QE2, the world's most prestigious cruise ship, and two other big Cunard liners if the union tried to block the plan.

The company wishes to change to a flag of convenience to employ cheaper crews to combat its £20m loss in operating its three cruise ships over the past five years.

The executive instructed all *members aboard Cunard's cargo* fleet to strike as soon as the ships arrive in the UK.

*Aside from its three pass*enger ships, Cunard has a fleet of 10 refrigerated fruit carriers, *four refrigerated cargo ships* and a number of container ships and product tankers. In 1978-79 the shipping operations lost £5.7m.

Although only a couple of these ships are in UK ports, the extension of the dispute to Cunard's much more important cargo shipping operations could hit Trafalgar House if industrial action is prolonged.

In addition, Cunard operates a number of container shipping *operations jointly with other* shipping lines and the disruption of scheduled services will *soon begin to affect other shipping companies.*

Union action has already stranded the Atlantic Conveyer in Southampton. The strike spread yesterday to the Cunard refrigerated cargo ship Scythia, in Sheerness, Kent.

The union has called for support in New York to black the QE2 when it arrives there following its departure, delayed by union action, from Southampton on Monday.

A sit-in by 105 *union* members aboard the Cunard Countess continued in Barbados *with local members reported to* be supplying food. Fifteen of its British crew have accepted the company's ticket to fly home pending transfer to the new flag.

In addition the Cunard Princess remains in dry dock in Puerto Rico, where the union has also called for blacking action although its crew has already flown home.

Lord Matthews described the comments of the National *Union of Seamen after a meet*ing with the Advisory Conciliation and Arbitration Service as a "*very foolish statement.*"

The union accused Lord Matthews of resorting to "*bully boy tactics which include black*mail."

He telephoned Mr. Jim Slater, the union's general secretary in Geneva. Mr. Slater has agreed to fly back for another meeting with Cunard on Saturday.

While there is a certain amount of sympathy in the shipping industry for Cunard's problems, the call for a one-day strike of the whole industry may lead to some behind the scenes pressure being brought to bear on Cunard.

CONTENTS

For latest Share Index phone 01-246 8026

EUROPEAN NEWS

Davignon accuses Bonn over steel delay

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission yesterday showed signs of impatience with the Bonn Government which this week has not only delayed the EEC's resort to emergency powers over its steel industry but is also responsible for dragging Ministers to a Saturday morning meeting in Luxembourg tomorrow.

Viscount Etienne Davignon, the Industry Commissioner, saidy esterday that the West German-imposed delay in granting the Commission special powers to force production cuts was creating considerable uncertainty and causing further damage to the steel industry.

He argued that each week's figures demonstrated that the industry's crisis of falling prices and over-production was deepening. Although West German steel companies were qualitatively stronger than some other groups, they were suffering a level of technical unemployment 2½ times greater than in September, added Viscount Davignon.

He was commenting on Wednesday's decision by the Bonn Cabinet to demand the special Luxembourg Ministerial meeting and thus to block the formal adoption of emergency powers scheduled to have taken place on Wednesday on the basis of an 8:1 written vote.

Bonn is deeply sceptical about the practicality of the proposed production quotas which would apply until the end of next June. West German steel companies fear they will suffer worse than other companies who have done much less to slim down capacity and manning during the past three years.

Viscount Davignon added that while the Commission was prepared to discuss all details of its approach and to give producers some idea of how they would be affected by quotas, there would be no negotiation of quotas with individual producers or their governments.

Significantly, since Bonn has been pressing for a much briefer regime, he asserted that the emergency system would be much less effective if it did not run the full period.

Luxembourg proposal could mean cheaper wine in UK

BY OUR BRUSSELS CORRESPONDENT

WINE PRICES in Britain could drop by up to 23p a bottle as a result of proposals to harmonise excise duties on drinks to be discussed by the EEC Council of Ministers in Luxembourg on Monday. Beer prices would remain unchanged.

This cheerful prospect could be the other side of last wek's depressing reports that Brussels might soon double excise duties on British beers.

Apart from demonstrating once again that for the UK the only good news out of Brussels is bad news, the reports also tended to ignore the fact that changes in wine and beer duties are part of a broader EEC approach to harmonisation. This has already brought better sales opportunities within the Community for Britain's main export beverage—Scotch.

This resulted from the European Court's judgment last February on cases brought by the European Commission. Essentially, the court swept away discriminatory taxes which favoured wine products in France and Italy and domestically-produced spirit in Denmark at the expense of imported whisky.

In the same package of judgments, the court was less certain about the Commission's complaint that the UK was unfairly discriminating against wine by levying five times as much duty as on beer.

The court saw only a "protective leaning" towards beer and sent Britain and the Commission away to settle the matter before the end of this year. The implied threat to the UK was the possibility of a court-imposed formula fo the beer-wine tax relationship.

This is why the British are now nibbling at a document produced by Luxembourg in its capacity as president of the Council of Ministers. Among other things, it proposes acceptance of a directive which would levy the same rate of VAT on wine and beer and which would say that, from January 1, 1982, excise duty on wine could not be more than three times greater than that on beer.

Wine duty in Britain is 4.9 times greater than beer and to reduce it to the proposed limit would wipe 23p off a bottle of wine and £55m off revenue to the Treasury. Alternatively, beer duty could be raised by 7p a pint between 1982 and 1987 and the current wine duty frozen. This would bring the Chancellor £700m. The third approach, neutral in its effect on the Exchequer, would be a ½p increase on a pint of beer and a 21p in the cost of a bottle of wine.

Under Luxembourg's proposals it would be up to the British Government to decide which approach it favoured.

Aircrews call off strikes

DUTCH AIR CREWS have called off strikes planned in support of their demand that the A310 Airbus be flown by a three-man crew, writes Charles Batchelor in Amsterdam. This follows an agreement reached after nine hours of talks with KLM Royal Dutch Airlines to set up a commission to study the problem.

Pilots and engineers will comprise half the commission and KLM the rest. It is planned to call outside experts in to give evidence.

Threat to extend Netherlands wage controls

BY CHARLES BATCHELOR IN AMSTERDAM

THE BREAKDOWN of the second round of pay talks between Dutch employers and unions has increased the likelihood that the Government will have to continue wage controls into 1981.

Dr. Willem Albeda, the Social Affairs Minister and leader of the Government negotiators, indicated that wage controls would be imposed for a second year unless the two sides of industry could agree a compromise.

Mr. Chris van Veen, chairman of the largest employers' organisation, the Dutch Industry Federation, said he saw little point in a third round of talks with the unions and invited the Government to impose Wage controls. "As far as I am concerned the Government can decide now on Parliament's demand for a sharp reduction in wage costs," he said.

The wage talks held on Tuesday revived the traditional antagonism between the largest of the Dutch unions, the 1.1m member Netherlands Trade Union Confederation and the Dutch Industry Federation. The small Christian Union Federation, the union representing middle range and senior staff, as well as two other employers' organisations, took a more conciliatory line.

The Government wants to reduce the rise in wage costs next year to 5.5 per cent from the 8 per cent which would result from wage agreements already concluded.

In return for lower settlements it will make income tax concessions, raise child benefits and drop plans to increase the basic rate of value added tax to 4½ per cent from 4 per cent.

This would lead to a 1 per cent fall in the purchasing power of people on the minimum wage, a 2 per cent decline for the average employee earning around Fl 32,000 (£6,530) a year and a 3.5 per cent fall for those earning four times the average wage.

Children killed in Spanish gas blast

By Robert Graham in Madrid

AT LEAST 55 people—mostly children—died yesterday in a gas explosion at a school in the Basque country. A further 50 people were reported injured.

Political violence was not thought connected with the blast, although two people were assassinated in Spain yesterday in killings believed to have been carried out by the militant Basque separatist organisation, ETA.

There were contradictory accounts of how the explosion occurred at the crowded school near Bilbao. Workmen were reported repairing the school boiler at the time. Police indicated there was little likelihood of any political involvement.

The most important of the two assassination victims was Sr. Jaime Arrese, a member of the ruling Union de Centro Democratica (UCD) party. He had been due to take over the parliamentary seat vacated by Sr. Marcelino Oreja, the former Foreign Minister who became the Govrenment's representative in the Basque country this week.

Spain's political parties yesterday signed an agreement paving the way for Andalucia to achieve early regional autonomy, similar to that already granted to the Basque country and Catalonia. The agreement, greeted as a triumph of common sense after eight months of bitter feuding, was made possible by the Government fully accepting the position of the opposition Socialist Party and the Andalucian National Party.

The agreement centres on letting Andalucia adopt the mechanisms laid down in Article 151 of the constitution. The Government had fought hard to make Andalusia follow a different Article from that of the Basques and Catalans which would permit far greater government control over both the pace and content of autonomy.

This position was adopted in January, despite strong denunciations of second class status for Andalucia. It resulted in the ruling UCD party being completely isolated after an autonomy referendum in February which secured general Andalucian approval for quick autonomy via Article 151.

But just as the Andalucian referendum marked a break-up of consensus politics in post-Franco Spain, so the agreement signals a return to them.

Irish unions accept 16% wage deal

By Our Dublin Correspondent

A NEW national wage agreement providing for increases of 16 per cent over 15 months was accepted yesterday by Irish trade unions.

A special delegate meeting in Dublin voted 4-1 to approve of the deal which will start with a one month pay pause. This will be followed by an eight-month phase giving pay increases of 8 per cent plus £1 per week. The final six-month phase will provide 7 per cent increases.

The agreement allows industries in financial difficulty to plead their inability to pay. Many have said they will do so because of unfavourable trading conditions.

Some employers have also complained that Mr. Charles Haughey, the Prime Minister, put undue pressure on them when it seemed certain that the pay talks would collapse.

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Gloomy statistics as Forlani seeks MPs' backing

BY RUPERT CORNWELL IN ROME

AS ITALY'S new Prime Minister, Sig. Arnaldo Forlani, promised new measures to shore up the lira and to reduce inflation yesterday, the Bank of Italy issued statistics disclosing a balance of payments deficit of L840bn (£393m) for September—a month which is usually in surplus.

The deficit brings the total shortfall for 1980 so far to L4,419bn, against a surplus for the whole of last year of L1,824bn. At the same time evidence is coming in of a retail price rise of about 1.8 per cent this month, while unemployment has also jumped sharply.

Figures issued by the National Statistics Institute, Istat, indicate a jump of around 16 per cent in the number of officially registered jobless over the April to July quarter. The July total of 1.8m is equivalent to 7.7 per cent of the overall workforce.

This batch of discouraging figures underlines the importance of economic strategy for the new Government. It is already plain that Sig. Forlani will be re-introducing before Parliament soon the main features of the economic package whose rejection brought the downfall on September 27 of the administration of Sig. Francesco Cossiga.

A host of public sector tariffs are also due to rise soon, including those on petrol and alcoholic spirits. A fresh rise in telephone charges of 17 per cent was also approved provisionally yesterday.

Following Sig. Forlani's speech to the National Assembly on Wednesday in which he set out his Government's programme, the Communist party said it would remain in opposition and the Liberal party announced that it would abstain. This means that the four-party coalition will have a theoretical majority of about 100 in the 630-seat Chamber.

Sig. Enrico Berlinguer, the Communist leader, declared during yesterday's confidence debate—the vote is expected tomorrow—that his party would make a positive contribution—and would decide its attitude on the merits of individual issues. The Communists have thus given a clear signal that the full-scale hostility which brought down Sig. Cossiga will not be extended to Sig. Forlani

German banks warn on Euromarkets

BY JONATHAN CARR IN BONN

WEST GERMAN banks have warned that over-zealous efforts to supervise the Euromarkets would threaten West German exports and jobs and hinder recycling of the surplus funds of the oil producers.

The Association of German Banks (BDB) made clear in its annual report released today it was not opposed in principle to the stand on the Euromarkets taken by central bank governors' meeting in Basle in April.

The governors had then urged consolidation of bank balance sheets and improved supervisory practices, noting that international lending had been growing at a rate of more than 25 per cent annually.

But the BDB said the key question was how far these elements could be introduced without preventing the banks from carrying out effectively their export-financing and petro-dollar recycling roles. Moves by the state to limit Euromarket risks still further had to take these other elements into account too.

The BDB's statement is clearly directed at the West German Government in particular, shortly before the start of a new legislative session when proposals to amend the banking law seem bound to be on the agenda.

It follows recommendations by an independent committee that West German banks in future be bound to produce consolidated balance sheets—to include their foreign subsidiaries.

The aim would be to close an avenue by which the banks so far can circumvent domestic credit limits by assigning lending to subsidiaries beyond the reach of West German banking supervisory authorities.

The BDB notes that West German banks have made a cumulative direct investment abroad totalling about DM 5.2bn (£1.2bn) in an effort to provide their customers with a better service internationally.

West German exporters—of capital goods in particular—could often only make competitive price offers because they were able to arrange finance through the Euromarkets with the help of West German banks.

If this source of credit were seriously curtailed, the BDB said, then sooner or later West German exports would suffer, the visible trade surplus would be cut still further and jobs would be lost.

These reservations are very widely shared by industrialists who feel the domestic export credit terms they can obtain obtain already place them at a relative disadvantage against foreign competitors.

However the Bonn coalition, in particular the Social Democrat Party which is the senior partner, seems determined to press ahead with tighter supervision without delay.

NATO chief's remarks provoke Soviet protest

BY LESLIE COLITT IN WEST BERLIN

THE SOVIET UNION has protested to the three Western allies in West Berlin about "militaristic" and "provocative" remarks made in the city this week by General Bernard Rogers, NATO's Supreme Commander. At the same time, East Germany complained to West Germany over what it said were attempts to step up "ideological warfare" by West German television stations.

The Soviet protest was quickly rejected by a British spokesman for the Western allies and, although sharply worded, it is not interpreted as a threatening move.

While in West Berlin, Gen. Rogers told a news conference that the Soviet Union would pose a serious military threat to the West in coming years.

In the Soviet view his remarks "breathed the spirit of the most evil times of the Cold War" and contained "crude insults" against the USSR. It called his visit a violation of the 1971 Four-Power agreement on Berlin.

The East German complaint concerns the plan by West German television's second channel to broadcast from January 1 a morning programme, consisting of repeats of its previous evening's viewing, which East Germans will be able to watch.

FIAT'S FIGHT WITH THE UNIONS

Italy reaches an industrial turning point

BY RUPERT CORNWELL IN ROME

THE "march of the 40,000" is a metaphor which seems destined to enter the Italian language. The *demonstration* of the "silent majority" in Turin exactly 10 days ago, demanding the right to work, effectively ended the month-long strike which paralysed the Fiat car group. Not only did it break the single most serious post-war industrial stoppage in Italy, but it also perhaps marks as important a turning point in Italian industrial relations since the "hot autumn" of 11 years ago.

Its full impact will take some while to emerge. But the march has already challenged much of the conventional wisdom emanating from the main unions and the Communist Party. The bitter lesson from Turin is being pored over, argued over, and digested by the two movements which purport to represent the views and the interests of Italy's working class.

To talk of victors and vanquished may be an over-simplification. But Fiat is not disguising its own satisfaction with an agreement which, after five weeks, gave the company pretty well what it wanted when, on September 8, it began negotiations on trimming its workforce to tackle the mounting problems of the Italian and world car industry. The unions claim, with some justification, that at least the initial threat of 15,000 immediate redundancies has been removed.

But an all-out strike along British lines has been shown to be pointless as a bargaining counter, and disastrous for the interests of the workers it was supposed to support. In some respects, it aided Fiat by enabling it to reduce expensive unsold stocks more quickly than expected.

Today, Turin is trying to put behind it the memory of one of the worst months in its recent history. The slogans have disappeared from the walls around Mirafiori, and absenteeism at Fiat's plants has never been *lower than in the first week of* "business as usual."

"It's now running at only 5 per cent, against a normal level of 8 or 9 per cent, and 16 per cent a year ago," says Sig. Vittorio

> 'Absenteeism at Fiat's plants has never been lower than in this first week of business as usual"

Ghidella, managing director of Fiat Auto, the group's car division. "The overwhelming majority wants to work, and have nothing to do with any extremist fringe."

But the real lesson is two-fold: just how unrepresentative union plant committees had become of the ordinary worker's feelings and the lack of what Sig. Diego Novelli, the Communist Mayor of Turin, calls a "modern industrial culture."

That this happened reflects, in many ways, the peculiar circumstances of Turin itself, which helped the strike to assume a momentum of its own. Sig. Novelli points out that only 13.5 per cent of Fiat workers were born in Turin; more than half have emigrated from the south, and lack the family and social safety net they would have at home.

Again 1969, the year when industrial unrest won enormous advances for the Italian worker and marked the start of the "Golden Age" of Italian trade union power, is the key date.

"Before then, Fiat workers were really professional and there was an implanted industrial culture. Now everything was changed. What we've seen was the class of 1969 in action."

The stage was thus set for the showdown, even though everyone (including the Communist Party which held a congress in Turin in February on the crisis of the Italian car industry) agreed broadly that urgent action was required to

> 'A new model range is needed to help to claw back market shares lost to Japan and elsewhere'

restore Fiat to proper health.

The logic of the Communists' unremitting opposition to the previous Italian Government of Sig. Francesco Cossiga dragged them into taking a hard line on Fiat. Their claim to be the party which most accurately mirrors working class feelings has been seriously dented by that attitude.

For Fiat, everything is more clearcut. The strike was something the company had braced itself for, as part of its plans to restore its fortunes and stem the drift to anarchy. It is the latest in a series of events since 61 "trouble makers" were sacked a year ago, an action which seems to have weakened significantly the links between *terrorism and shopfloor* extremism. Since then, left-wing terrorism in Turin and elsewhere has been largely eliminated, for the present a least. Then came September's Lire 500bn (£243m) capital-raising announcement, as proof of the company's faith (especially the Agnelli's faith) in the future. Now almost 23,000 workers have been given a state-subsidised layoff, to cut labour costs and raise productivity.

As a result, according to Sig. Ghidella, productivity might improve by 10 or 15 per cent. The next big step will be models to relace the successful but ageing *127* (with the so-called Tipo Uno), and the flagging, top-of-the-range 132. An updating of the model range is recognised as Fiat's main production need, to help claw back foreign market shares lost in recent years to Japan and elsewhere.

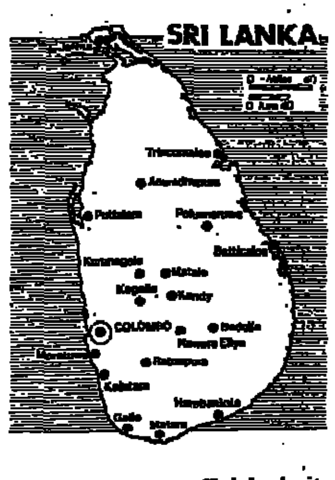
As only too often in Italy, what happens at Fiat may set a trend for the country at large. Quite possibly, the march of the *40,000 signifies the arrival of a* new social grouping outside the old, Turin-inspired, pattern of capital—the Agnellis—against workers and the Communist Party, in the city which more than any other has shaped Italian Communism.

It would not be the first time a change of tack in Italian life has gone unreflected by its osified politics. In both the other major post-war social changes, Fiat was in *the* front line: the massive internal migration from the south to the industrialised north, and the 1969 unrest which won sweeping rights for workers. But Fiat knows full well that too great a victory *today could* be self-defeating. Unless it has a well-organised and strong union to deal with, anarchy might yet again prevail.

Sri Lanka's Government may have found a scapegoat, writes **K. K. Sharma** in Colombo

Mrs. Bandaranaike earns a martyr's crown

Mrs. Bandaranaike, left, who has dominated Sri Lankan politics for 20 years, was last week deprived of her civic rights and her seat in Parliament. Many believe that President Jayawardene has moved against her to draw attention away *from his* Government's economic problems.



SRI LANKA'S President, Mr. J. R. Jayawardene, has chosen the half-way point of his presidency to act against his main political rival, Mrs. Sirimavo Bandaranaike. The former Prime Minister, the first *woman to hold this office* anywhere in the world, is somewhat shaken at being deprived of her civic rights. It makes it impossible for her to regain power. The timing of the action has led to much speculation and the impression is growing that Mr. Jayawardene is trying to find a political solution to his economic problems.

This is, of course, an over-simplification. Yet there is no doubt that the President faces economic dangers which will compel him to taken even more unpopular decisions than he made after his United National Party trounced Mrs. Bandaranaike's Sri Lanka Freedom Party in 1977.

Mr. Jayawardene must tackle two problems by November 5, when the Government presents its budget. Inflation is running at over 35 per cent a year, and has been accompanied by a 15 per cent devaluation of the rupee. Second, with foreign exchange reserves precariously low — equivalent to just six weeks of imports — the International Monetary Fund has suspended disbursement of the three-year $340m facility negotiated in January 1979.

The fund is unhappy because the Government has failed to introduce financial discipline. One reason for the high inflation is the extravagance of the Government and its agencies in the past year. The Government presented a balanced budget last November, but was forced to bring in a *supplementary* budget last February with a deficit of rupees 2bn (£50m), mainly because of high government spending. Rupees 2bn is 20 per cent of the total budget.

The excessive expenditure, the Fund is said to have told the Government, is mainly because of its profligacy over projects which are non-productive or have a long gestation period. There are three glaring examples: the parliamentary and administrative complex on the outskirts of Colombo, which is almost a copy of Brasilia and certainly should be of low priority for any developing country; the houses it is building for 500,000 families, which the Fund considers a populist measure and *fuel for inflation;* and an ambitious water supply scheme which could have been postponed until the economy picked up.

It is impossible to cut spending on such vital schemes as the *Mahaveli irrigation and* power project, for which foreign aid has already been obtained, and the Government has also lost options for raising revenues by giving many tax concessions to encourage local and foreign investment.

Such incentives are not opposed by the Fund, or by Western Governments which give Sri Lanka aid. Indeed, the 180-degree turn in economic policies which Mr. Jayawardene made after 1977 is thought to be exceptional for any *developing country. He* removed all government and bureaucratic controls on investment, threw the country open to foreign capital by giving tax-free benefits to investors in the new free trade zone and *scrapped Mrs. Bandaranaike's* subsidies on food and consumer goods. Mr. Jayawardene thought these policies would reduce unemployment—of Sri Lanka's 14m people over 1m are out of work—and convert Sri *Lanka into another Singa*port.

All went well for two years, with growth of 8 per cent in 1978 and 6 per cent in *1979.* The free trade zone was not the success hoped for, and has only about 30 small clothing factories (although Motorola of the U.S. has just agreed to set up an electronics factory, the first major investment). But the end of subsidies, although very unpopular, helped to control government expenditure.

The trouble has come in the past year. Sri Lanka's economy *is not centrally planned like* many developing countries, and its ministries started heavy spending programmes which Mr. Ronnie de Mell, the Finance Minister, does not have the political clout to control. The *Mahaveli project and the* parliamentary complex are the President's most favoured schemes, while the housing programme was initiated by Mr. Banasingle Premadasa, the Prime Minister. Without know*ing it, the Government found* itself flouting the fund's directives both on public spending and on bank credit, and the Fund immediately held back further instalments of the credit tranche when it found the *Government could* not live up to its criteria.

These depend on a non-expansionary budget and a manageable balance of payments, while maintaining a market economy and open trade. *The November 5 budget must* show this is being achieved if the Fund is to resume its support. A senior official admits that the Government must impose financial discipline and speaks of the need to phase out development and other programmes. It may even become essential to curb private sector investment through a credit squeeze and high interest rates.

The alternative would be to impose government controls again, and this Mr. Jayawardene is determined to resist since it would mean returning to Mrs. Bandaranaike's "socialist" policies, quite apart from further annoying the Fund. Hence, many believe this is the reason why the President has chosen this moment to neutralise Mrs. Bandaranaike, who developed an undoubtedly large popular following during her 12 years in power over the past 20 years.

But Mrs. Bandaranaike is not so easily silenced, and she herself thinks the halo of a martyr will help her politically. A "witch-hunt," after all, helped Mrs. Indira Gandhi in India and there are many parallels between Sri Lanka and its neighbour to the north.

Washington warns Israel on Golan annexation

BY DAVID LENNON IN TEL AVIV

WASHINGTON has told Israel it is gravely concerned about the possibility that Israel will annex the Golan Heights, captured from Syria in 1967. U.S. fears that such a move would seriously damage the peace process were conveyed this week to Mr. Menahem Begin, the Prime Minister, by the U.S. ambassador, Mr. Samuel Lewis.

The Israeli Knesset has witnessed intensified activity over the Golan in the past few days as two private members' Bills calling for annexation have been prepared. The ruling coalition's executive on Wednesday night approved one Bill, tabled by 18 coalition members, and referred it to the Cabinet "for study and opinion."

The U.S. intervention is clearly designed to dissuade the Cabinet from supporting the Bill. So far the Prime Minister has not made any public declaration of his stand on the issue, but Jewish settlers from the Golan who met him recently said that Mr. Begin had given them the impression that he favoured extending Israeli sovereignty to the Heights.

The U.S. Government is also reported here to have made it very clear to the Israeli embassy in Washington that it strongly disapproves of Golan annexation.

The Americans have explained to the Israelis that not only would annexation harm the peace process, but it would also be tantamount to tearing up Security Council resolution 242, which is the basis of the peace negotiations.

They also said it would be a flagrant contravention of international law, as the Golan is internationally recognised as part of Syria.

Ihsam Hijazi reports from Beirut: Israeli gunboats yesterday bombarded the port of Tyre, which is under the control of Palestinian guerrillas and their Lebanese Left-wing and Moslem allies.

While the bombardment was under way, an Israeli force crossed the border into Lebanon and attacked the village of Aita. Radio Lebanon said the Israelis blew up one house, destroyed a car and took a Lebanese citizen away

The new action followed closely on an Israeli air strike against Palestinian positions only a few miles south of Beirut late on Wednesday. According to the latest reports, nine guerrillas were killed in that attack, which was aimed at a military training base in the village of Ain Drafil, eight miles south-east of the Lebanese capital.

Observers here believe that Israel has embarked on a new campaign against the Palestinian guerrillas in Lebanon to capitalise on Arab and world preoccupation with the Gulf war.

Meanwhile, Mr. Chafik al-Wazzan, who has been asked by President Elias Sarkis to form a new Government, held consultations with MPs yesterday and is expected to announce a Cabinet by the end of the week.

GULF WAR DIARY

Iraq begins to ask how long it will go on

BY ROGER MATTHEWS IN BAGHDAD

THERE IS scarcely a civilian left in Qasr-e-Shirin, the first and only major city so far captured by Iraq during its war with Iran. The Iraqis estimate that the town had a population of 30,000 to 40,000, a little over a month ago.

"They were Persians. They just ran away," an Iraqi officer explained.

Where they ran to no one seems to know. The possessions they left behind are now mainly in the hands of the Popular Army which has been moved in to take over from regular troops who are said to be at least 20 miles further into Iran.

Shops and homes have been looted, windows smashed, metal grills opened like food tins, and occasional fires still burn.

Even the main mosque has not escaped, its windows are broken, pieces of children's toys and clothing are scattered across the floor and the adjoining schoolroom is wrecked.

The fires explained an American - educated business administration graduate who is temporarily a "fighter" in the People's Army, had been caused by the need to detonate unexploded shells.

On the hills around Qasr-e-Shirin, once an obviously prosperous if rather remote rural town, the People's Army has dug in and is enjoying all the comforts of someone else's home. Interior sprung mattresses have been brought up from the city, along with bedding and even some satin-covered pillows.

Outside the city there is only limited evidence of the fighting: a few damaged tanks, some wrecked vehicles, the local radio station flattened by shells but nothing that would indicate a strongly opposed advance.

Iraq is not claiming Qasr-e-Shirin was territory that the Iranians should have handed back under the 1975 Algiers agreement.

"The Persians refused to accept our ceasefire offer so we just had to advance," the army spokesman said.

IN BAGHDAD, by contrast, there is during the day little evidence of the war. Even the occasional air raid by Iranian Phantoms have become more of an irritant than a cause for concern. Expatriate aircraft enthusiasts no longer run to the roofs with quite the same vigour when the warning sirens sound.

"It was wonderful in the early days of the war," one of them said. "From my roof you could see the Phantoms come in out of the early morning sun, a leader and a wing-man at very low level, and watch them turn on the after-burners as they went into attack. It reminded me of Biggles," he enthused.

There is often thought to be as much danger from the defenders as the Phantoms. Surface-to-air misiles, fired on a very low projectory, sometimes self-destruct near the ground scattering shrapnel over the area below. Anti-aircraft gunners along the banks of the Tigris caused similar problems and in the spacious grounds of the British embassy the use of the tennis courts has been suspended during the raids.

Sunday morning cricket, however, continues as usual.

In the streets, the Popular Army, police and youthful civilian recruits prevent the public attitude to Iranian attacks from becoming too blasé. They halt the traffic and force pedestrians to take a nominal sort of shelter. In the bazaar area, fierce teenage girls with shrill voices try to stop people crossing the streets but business goes on much as usual. One carpet trader reported booming sales.

"They always go up when people are leaving the country," he said.

ON TELEVISION, however, there is very little else but war. Every inch of war footage from the libraries of Iraqi television must have been shown a dozen times and to ensure that no one misses the glorious achievements of the advancing army, free sets have been distributed.

Endless choirs, sometimes dressed as soldiers, extol the virtues of defeating the Persian aggressor and praise the unique leadership of President Saddam Hussein.

Probably the most compulsive television viewing is the films of the President's visits to local homes. Driving his own black Mercedes, he turns up at the home of some apparently unsuspecting and often almost overwhelmed citizen, marches into the living room, kisses the children and chats about the evil Persians or the devious American imperialists.

Maybe he will go into the kitchen and help himself to some cheese from the fridge, then its a quick glass of water, on again with the black military beret and back to his car around which an admiring chanting crowd has gathered. It seems almost like American-style presidential campaigning.

BUT DESPITE all the propaganda, people are increasingly asking how much longer the fighting will last. Did Iraq plan for a quick victory and a quick settlement, or is it the intention to smash Iran economically and deny it access to its main source of income, the Khuzestan oilfields? Either way, no one now expects a quick end to the war.

They are having to adjust to the nightly blackouts, the shutting of restaurants and the fact that they have to stay in after dark. But there are no shortages, "except," muttered one affluent Baghdad resident, "for torches and Valium."

Hong Kong moves to stem migrant flood

BY DAVID DODWELL

SIR MURRAY MACLEHOSE, Governor of Hong Kong, yesterday announced "radical changes" in immigration policy which are intended to staunch the flood of migrants mainly from China's neighbouring Guangdong province.

The Legislative Council, Hong Kong's Parliament, rushed into law proposals by the Governor to abolish the "touch base" rule, which in the past has enabled Chinese who slip through the border patrols and reach urban Hong Kong to register for permanent residence.

The new law, which theoretically took effect from midnight last night, should be completely operative by October 30. The Hong Kong authorities will then have the power to arrest and repatriate all illegal immigrants, no matter where they are found in the colony.

Sir Murray justifies the move on the grounds that the massive influx of refugees during the past two years—estimated at 108,000 last year, and about 62,000 to the end of September this year—is threatening the future prosperity of Hong Kong by putting severe strain on housing, education and health and social services.

The colony's population—now estimated at more than 6m—grew at just 2 per cent a year between 1971 and 1977, but in the past three years growth has leapt to 5 per cent. If the influx of Vietnamese boat people is taken into account, the rate is 6.3 per cent.

Sir Murray said he had won full support for the changes from the Chinese authorities both in Peking and at provincial level in Canton.

Illegal immigrants already in Hong Kong will have a three-day amnesty to apply for identification cards. From November 3, any employer taking on an illegal immigrant could be fined up to HK$50,000 (about £4,000). The law does not apply to the 150 legal immigrants who arrive daily from China.

Referendum backs Chun's constitution

SEOUL — President Chun Doo-hwan of South Korea won clear backing for his policies yesterday when about 90 per cent of voters agreed to a new constitution that dissolves the present political parties.

The result will also strengthen President Chun's hand in dealing with criticism from South Korea's major trading partners, the U.S. and Japan, over his actions against leading opponents.

Despite calls by student militants for a boycott of Wednesday's voting in the referendum, 95.5 per cent of South Korea's 20m voters went to the polls.

President Chun is to promulgate the new constitution on Monday and the current Parliament and political parties will be dissolved immediately. The function of Parliament will be taken over by the Legislative Council for National Security, an expanded version of the present military - dominated Special Committee for National Security Measures.

Reuter

Iranian Phantoms try to halt advancing Iraqi troops

BY OUR FOREIGN STAFF

IRANIAN fighter - bombers yesterday attempted to drive back Iraqi troops and armour besieging the key cities of Iran's oil province of Khuzestan.

Iraqi officials in Basra said Iranian Phantoms had made repeated attacks on Iraqi positions around Abadan, Khorramshahr and Ahwaz. The Iraqis claimed that the attacks had failed and that the Iranian aircraft were shot down.

Another Iraqi military communique said an Iranian gunboat had been sunk in the Shatt al-Arab waterway.

Reports from the front indicated that the Iraqis, under cover of mortar fire, had won control of more parts of Khorramshahr in heavy overnight fighting. Iraqi artillery was reported to have moved closer to Ahwaz, whose supply lines to the South, East and West have been cut. The main road to the North was still open.

Iran's communiques said jets and helicopter-gunships had been making rocket attacks on Iraqi tank positions around Abadan and in the northern Iraqi-held half of Khorramshahr to relieve the garrisons of the two cities.

Tehran also claimed that helicopter-borne paratroops had staged fresh attacks against Iraqi positions at the northernmost end of the front. The official Iranian news agency said nearly 2,000 Iraqi troops had been killed and 480 tanks had been destroyed in a month of warfare in the northern sector.

On the diplomatic front, the Palestine news agency in Beirut reported that non-aligned nations at the United Nations had formed a nine-nation ministerial commission to undertake a goodwill and fact-finding mission to stop the war.

The agency did not say which the member-nations of the commission were, pending Iran's approval. The Iraqi delegate at the UN had agreed to the proposed team but the Iranian delegate asked for 48 hours to secure his Government's response.

Kaunda imposes Zambia curfew

BY MICHAEL HOLMAN IN LUSAKA

PRESIDENT Kenneth Kaunda yesterday imposed an immediate dusk-to-dawn curfew covering most of Zambia's urban areas.

A Government spokesman gave no reason for the curfew, which is to last until further notice. Curfew-breakers will be prosecuted and all private flying is banned during curfew hours.

The move, on the eve of the 16th anniversary of independence, may be connected with a recent battle between Zambia Army units and a well-armed gang of several dozen men camped on a farm at Chilanga, 10 miles south of Lusaka.

Acounts of the clash remain confused, but President Kaunda, whose personal security arrangements have been intensified in the past week, was sufficiently concerned to summon the five senior Western ambassadors for an immediate briefing. Government troops are said to have captured or killed 25 people at the time of the clash. The state-owned Times of Zambia reported yesterday that 50 people had now been arrested.

It seems clear that the group were not Zimbabwe guerrillas of Mr. Joshua Nkomo's Patriotic Front. His Zipra army was based in Zambia during the seven-year Zimbabwe war.

Lusaka was calm yesterday, with no sign of unusual police or army activity.

Reverse for Progressives

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA'S liberal white opposition, the Progressive Federal Party, suffered a further reverse yesterday when it failed to take the East London North parliamentary seat from the more conservative New Republic Party.

The by-election, won by Mr. Harland Bell of the Republic Party with a majority of 1,352, was the second in two months in a majority English-speaking constituency in which the Progressives, the largest opposition party, has failed to defeat more conservative candidates. The Progressive candidate in East London was Mr. John Malcomess, a former MP, who resigned when he switched from the Republic Party

A major factor in the result was that traditional supporters of the ruling National Party voted for the NRP. However, analysts believe the two by-elections show that English-speaking white voters remain essentially conservative

AMERICAN NEWS

David Buchan follows the independent candidate and **Jurek Martin** analyses the resurgence of Iran as an election issue

Anderson can still make a difference

U.S. ELECTIONS

November 4th

"UNBLINKING AND HOPEFUL" was how Mr. John Anderson this week termed the "new realism" his candidacy offers the American people. It also aptly describes his dogged defiance of the fact that, in the final stretch, his campaign is being ground to small electoral pieces between the big Democratic and Republican party millstones.

Short of money and attention, Mr. Anderson has lately rationed his appearances around the country, husbanding resources for a final throw of the dice on expensive television advertising in the last 11 days. He needs to offset his exclusion from next Tuesday's TV debate between President Jimmy Carter and Mr. Ronald Reagan.

But Mr. Anderson has plodded a long, hard trail since mid-way in the spring primaries he jumped the traces of the Republican Party to run as an independent, and he could still make the difference between Mr. Carter and Mr. Reagan. It does not take much to do so in the quirky electorial college system, which divides the country into 51 separate winner-take-all races.

Anderson support is ebbing even in the most promising states, such as New York, where he has the supposed advantage of endorsement by that state's Liberal Party. But his campaign staff still claim some strength in the east (New York and Massachusetts), some of the Midwest (Illinois, his home state, and Wisconsin, the base of his running mate, Mr. Patrick Lucey), and parts of the far west (California and Oregon).

A third candidate does not have to get the 27 per cent of the popular vote which Mr. Teddy Roosevelt got in 1912, nor Mr. Bob Lafollette's 16 per cent in 1924, nor even Mr. George Wallace's 13 per cent in 1968, to affect the outcome. The tiny 0.9 per cent won by Mr. Eugene McCarthy four years ago was reckoned an important factor in several states.

Mr. Anderson is an attractive candidate, wordy and over-precise at times, but at others capable of rising to an oratorical occasion. He is able to draw the unpaid help needed to keep a quixotic campaign going. For instance, one of his speech writers is an Englishman, volunteering on his annual holiday from the British Board of Film Censors.

But Mr. Anderson has failed to get any big-name endorsements from the major parties. The Carter-Kennedy split in the Democratic Party yielded Mr. Anderson only his running mate, Mr. Patrick Lucey, a disaffected Kennedyite. The surprising endorsements in this campaign, such as those of Mr. Ralph Abernathy, the black civil rights leader, and Mr. Eugene McCarthy, have gone to Mr. Reagan.

Mr. David Garth, a top flight professional, is running the Anderson campaign, but has not had the money to indulge his speciality, political advertising. The campaign has spent some $7m (£2.9m) so far, and has scratched together a final $1m by borrowing from original contributors on the prospect of post-election Government payments—$3m if Mr. Anderson gets 5 per cent of the vote. Banks regarded this collateral as too dicey and refused to lend to Mr. Anderson.

Mr. Anderson has been pestered with questions about the legitimacy of his campaign. As he cannot possibly win, he must be a spoiler, possibly throwing the election to Mr. Reagan. The independent angrily denies this motivation, saying his campaign stands on its own merits and urging people to "vote their consciences, not their fears."

Mr. John Anderson . . . short of money and attention, but making a final push on television in the last 11 days of the campaign

So as not to appear a stalking-horse for either major candidate, Mr. Anderson has distanced himself from both, with his particular brand of economic conservatism and social liberalism.

But the biggest difference is that whereas Mr. Carter and Mr. Reagan set out to soothe the broadest segment of the electorate, Mr. Anderson makes a virtue of the unpalatable: no tax cuts next year, a 50 cent tax increase on a gallon of petrol for energy conservation, no public health insurance scheme because the country cannot afford it, and so on. Mr. Anderson cast himself in the mould of the preacher of hard truths from the start, when last January in farming Iowa he defended the grain embargo on Moscow.

On some issues, Mr. Anderson is fractionally nearer Mr. Carter — they both support SALT II for instance. But the independent has been embittered by the Carter campaign's vain effort to keep him off the ballot in the 50 states, and its success in persuading banks not to lend him money and to exclude him from the final TV debate.

At bottom, Mr. Anderson's problem is that, unlike Mr. Wallace in 1968, he has no basic constituency, except perhaps students from the country's campuses, who lost an alternative standard bearer early on when Governor Jerry Brown of California pulled out. The snag is that despite a surge in 1972, when 18-year-olds got the vote for the first time, the youth vote has declined. Student volunteers work hard and for nothing, but they are disorganised voters.

Mr. Anderson has made no inroads into the blue collar union vote, or the minority or ethnic votes, despite the best efforts of Mr. Lucey, using his erstwhile Democartic ties. What it will add up to on Nevember 4 is basically a strong showing from the campuses and a smattering from the big city suburbs. But "the Anderson difference" could still make the difference between Mr. Carter and Mr. Reagan.

U.S. Quarterlies

Xerox improves.

Pan American declines.

Goodyear turnround.

Details, Page 27.

Captive diplomats return to centre stage

THE PROSPECT, tantalising and perhaps ephemeral, of the release of the American diplomatic hostages in Iran before the first anniversary of their captivity, the day of the U.S. Presidential election, is sending both policy and political tremors through Washington and the country.

It comes at a time when one major national poll reports that President Jimmy Carter has edged ahead of Mr. Ronald Reagan for the first time in the race for the Presidency, principally because he is seen as the candidate more able to resolve international crises peacefully.

Taking account of the exhaustive coverage now being provided by the U.S. media, State Department officials remain understandably cautious about the prospects for the hostages' release. Hopes have been raised before, and then dashed, they note. It is still unclear who speaks with authority in Tehran, and Sunday's session of the Majlis may yet add further conditions that the U.S. cannot, in good conscience, accept.

Yet the public pronouncements of Mr. Mohammed Ali Rajai, the Iranian Prime Minister, on the one hand and President Carter and Mr. Edmund Muskie, his Secretary of State, on the other, seem to suggest that an accommodation is possible. Direct communication between Washington and Tehran, even though the U.S. uses Swiss diplomatic offices, is still so sparse that both sides have principally used the Press to convey messages.

On the basis of these, the U.S. would appear on the surface to be able to meet Iranian demands for a lifting of U.S. sanctions, the unfreezing of Iranian assets in the U.S. (including $500m (£208m) worth of military equipment paid for under the Shah but not delivered), a promise by the U.S. not to interfere in Iranian internal affairs and the creation of an international commission to investigate Iranian grievances. Nor is Iran apparently now asking for a grovelling U.S. apology for its past "sins."

The unfreezing of Iranian assets is not without legal complications. Moreover, if Iran were to demand the return of the Shah's fortune, President Carter would probably have to answer that he had no power to authorise this.

But U.S. officials believe that Iran's war with Iraq has brought home even to the revolutionary regime the dangers of isolation from the world community. The continued detention of the hostages, from a logical point of view, remains a hindrance to ending that isolation.

The freedom of the hostages in the week before the nation votes on the next President would obviously have a major impact on the pre-electoral climate—though there *is* disagreement on who would benefit most from it.

Assuming it is stage-managed with the flair that the Carter White House has shown itself capable of any outburst of national relief and euphoria ought to rebound to the credit of the incumbent President.

This is certainly what the Ronald Reagan camp fears, and it explains why the Republican candidate has sought to launch a pre-emptive strike by charging this week that the crisis was a national humiliation and disgrace, brought on by Mr. Carter's ineffective foreign policies.

Mr. Reagan has cause to be worried about the flow of the election. Yesterday morning, the New York Times - CBS national opinion poll gave Mr. Carter a slender one-point lead, statistically insignificant but a six-point improvement for the President on the previous survey, taken towards the end of September.

This poll, like others, showed that Mr. Carter has succeeded to a degree in painting Mr. Reagan as the candidate more likely to lead the country into war. Next Tuesday's debate in Cleveland presents Mr. Reagan with a unique opportunity to lay this fear to rest.

Mr. Reagan wants to make the state of the economy, and Mr. Carter's alleged mismanagement of it, the central issue before *the voters. Every poll tells him* this is the right approach, but it could be swamped by a *deus ex machina*, such as the release of the hostages.

Yet this is an issue which could cut both ways. The genie of expectation about their release is out of the bottle, and it is fair to say that President Carter is not trying very hard to put the cork back in.

Thus, if they are not freed before November 4, and if the nation dwells on the fact that they will, by that date, have been in captivity for precisely one year, then it is Mr. Carter who could feel the backlash. The hostages, for so long the unspoken issue in the campaign, are back to centre stage.

Hostage report to go to Majlis

BY OUR FOREIGN STAFF

A MEMBER of the Iranian Parliaments' special committee considering the fate of the U.S. hostages said yesterday that the committee's report was complete and would be submitted for debate to the full assembly on Sunday.

Mr. Ali Akbar Nateq Noori refused to disclose the committee's proposals for the release of the 52 U.S. diplomats, but said the conditions might not be limited to the four put forward by Ayatollah Khomeini.

Mr. Noori, who, as well as being an MP, is also a member of the Central Council of the hard line Islamic Republican Party, added that U.S. acceptance of the conditions was uncertain. But he said that if there were an acceptance, contacts with the U.S. over the transfer of the hostages was not ruled out. This would be a matter for the Government to deal with.

Diplomats in Tehran report that hopes of an end to the year-long crisis have risen considerably. Swiss and Algerian officials, both known to be willing to act as intermediaries, are understood to be having talks with the Iranian authorities.

Trudeau survives confidence vote

Mr. Pierre Trudeau, the Canadian Prime Minister, survived a third no-confidence motion on his plans to transfer Canada's British constitution from London by 158 votes to 93 on Wednesday, Reuter reports from Ottawa. Mr. Joe Clark, the Opposition leader, proposing the motion, attacked Mr. Trudeau's plan to ask Britain to amend the British North American Act, which serves as Canada's constitution, before sending it back to Ottawa.

Jamaican election to go ahead

Mr. Michael Manley, the Jamaican Prime Minister, said on Wednesday night that he would not be postponing the general election scheduled for next Thursday, **Canute James reports from Kingston.** Reacting to charges from Mr. Edward Seaga, the Opposition leader, that he wanted to use the increasing party political violence as an excuse for postponing the election, Mr. Manley said he would not be intimidated by the violence.

Mr. Seaga's statements were themselves contributing to it, he said. Mr. Seaga has accused Mr. Manley's People's National Party of being behind most of the violence.

Thousands flee in El Salvador

SAN SALVADOR—More than 40,000 peasants have fled their homes in eastern El Salvador, where political violence rages between leftist guerrillas and Government troops, according to the armed forces.

An official bulletin said that the military had launched an anti-guerrilla campaign in the areas of San Miguel, Morazan and La Union, where they claimed left-wingers had "spread terror" and caused the exodus.

The El Salvador Human Rights Commission and the Catholic church have blamed the armed forces for the exodus.

The official bulletin said "several dozen" guerrillas have been killed in the area and that soldiers cleared out several guerrilla camps where food, arms and materials to manufacture ammunition were hidden.

"Many of the dead could have been Cuban, Nicaraguan or Panamanian mercenaries," the bulletin said.

Journalists who visited the area said they had found burned and abandoned villages, with evidence of mortars and other heavy weapons being used. Tanks and armoured cars surrounded the villages while helicopters hovered overhead, they said.

One military official said left wingers were using Chinese-made grenades. The left-wingers issued a bulletin accusing the armed forces of indiscriminately bombing and machine-gunning villages where they assume guerrillas are hiding.

Many of the peasants have moved to the capital and into refugee camps in other areas of the country. The Honduras Government said recently that more than 15,000 Salvadoreans had sought refuge there. Others have moved to Mexico, the United States and other countries, usually illegally.

Left-wingers are struggling to topple the five-man military-civilian junta that has ruled here for a year. Human rights groups say the battle has taken at least 7,000 lives since January.

WORLD TRADE NEWS

Japan's German car sales top 10%

BY STEWART FLEMING IN FRANKFURT

THE SHARE of Japanese imports in the West German car market fell significantly in September as a surge in demand was met by increased sales of German-built vehicles.

In spite of the decline in the month however, for the first nine months of the year the Japanese market share continued to climb and for the first time passed into double figures over a period of several months.

In 1979 the Japanese share of the West German market was only 5.6 per cent. The rapid rise in sales this year however, has taken the market share to 10.1 per cent for the January to September period.

German manufacturers and union leaders have been bitterly complaining about this trend which has coincided with a recession in the German motor industry. Earlier this month the Japanese disclosed that the motor industyr intended voluntarily to restrain exports to Germany for the balance of the year and to aim to hold the market share below 10 per cent.

The Japanese proposal is still being treated with some scepticism however. And next month a delegation from the largest German trade union, IG Metall, is to visit Japan for discussion about the growing pressure of Japanese imports on the German market.

The monthly data from German government shows that new vehicle registrations last month surged by 26.6 per cent compared with August, and were 5.5 per cent higher than in September a year ago. For the year as a whole however registrations are still 9 per cent lower than at the same stage last year at 1.9m compared with 2.1m.

The surge in sales will tend to support the views of those who have been contending that the worst of this year's sharp decline in car sales is over, although there can be no great confidence on this score in the face of predictions that the economy will be weaker than expected in 1981. Volkswagen in particular seems to have benefited from the stronger domestic market, but registrations of new Ford and Opel vehicles also rose sharply.

In Washington a Honda Motor Company representative said that the company was not threatening to scrap plans for a manufacturing plant in Marysville, Ohio, as a way to influence an International Trade Commission (ITC) decision on limiting motor imports, reports AP-DJ.

"Honda is committed to that (Ohio) plan," Washington lawyer Harvey M. Applebaum said. "They are distressed that anyone would think they are trying to use it as a lever to influence the Commission."

But, Honda's statement to the ITC said imposing stiff tariffs on cars produced in Ohio could "eradicate" the assumptions behind the company's decision to start the U.S. plant.

Israel hopes for British investment boost

BY DAVID LENNON IN TEL AVIV

THERE IS growing concern in Israeli economic and financial circles about declining industrial investment. The private sector Manufacturers' Association forecast this week that real investment in industry this year may be as much as 20 per cent lower than in 1979.

According to Mr. Arnon Tiberg, deputy director of the association, last year there was a real growth in industrial investment of 7 per cent compared to 14 per cent in 1978. He also noted a 7 per cent drop in the number of workers employed in industry during the past 12 months.

Bankers are concerned about the long-term dangers for the economy which has slowed following high growth over two decades.

Though the share of foreign investment is not high, this investment has played a major role in exporting industries.

Officials, therefore, are hoping for positive results from the current tour of Israel by a group of potential British investors organised by the British-Israel Chamber of Commerce. The dozen British participants in the visit include the chairmen of Tootal, Cope and Allman International, the Burton Group and British Vita Company.

A number of the participants in the current mission expressed concern about Israel's high level of inflation which is a deterrent of investment, a view which is shared by local bankers though not by all foreign investors already involved in the economy.

Hestair wins £6m Hong Kong bus order

By Our World Trade Staff

HESTAIR yesterday signed contracts with the Kowloon Motor Bus Company of Hong Kong for the supply of 203 double deck bus chassis, worth £6m, to be made at the Hestair Dennis subsidiary works in Guildford.

The chassis will be delivered over the next 10 months. They are destined for the Jumbo bus, which has been designed to carry 172 passengers, but which in Hong Kong will probably take loads of up to 200 people.

The contract was signed at the Birmingham Motor Show where the company has also received orders for three other types of bus chassis and for its 16-ton truck.

The bodies for the Jumbo bus will be supplied by Alexanders and Duple Metsec. Hestair claimed yesterday that the Jumbo bus is the first of its kind in the world.

● The Export Credits Guarantee Department has guaranteed a $16m (£6.6m) loan provided by Lloyds Bank International to the National Electrification Administration of the Philippines to finance a £8.5m power station contract won by Balfour Beatty.

● Aluminium Alloy Fabrications of Woking is to supply a visual control room for the Queen Alia Airport in Jordan, expansion joints for a school building programme in Qatar and sunbreakers for use on Saudi Arabian road projects, the whole being worth £670,000.

● Marwin Production Machines of Wolverhampton has received an order from Ford Motor worth £1.25m.

Iraq remains important market for Westerners

BY JAMES BUCHAN

THE WAR between Iraq and Iran will severely curtail Baghdad's plans for economic diversification away from its extreme dependence on oil. But the longer the fighting continues, the more capital Iraq will have to devote to the repair of damage and imports of consumer goods, and the country will remain an important, if tricky, market for Western contracting and exports.

These are the findings of a new study on the country's economy by the Economist Intelligence Unit*. Its authors admit that some of their conclusions have been overtaken by events, but the sections written since the outbreak of war argue that the central thesis remains valuable.

Before the war, Iraq was OPEC's second largest producer. Capital expenditure for 1980 had increased by 60 per cent to $9.8bn (£4.03bn) and official imports projected to be $13.5bn and it was expected that Iraq would compensate for the loss of Iran as a market and the increasing competitive atmosphere in Saudi Arabia.

Since high oil production is a function of the international ambitions of President Saddam Hussein, this is likely to be restored as soon as possible. Investment will be channelled into repairs in the defence and transport sectors, which were anyway anticipated to receive most of the investment as the chief blocks to economic diversification. Equally, the need to repair downstream oil operations coincides with an investment programme already adopted for nationalist reasons.

The major effect of the war is that a shortage of resources, more of manpower than finance, will oblige the Iraqis to delay ambitious welfare programmes and import-substitution schemes in favour of repairs and imports of finished consumer goods.

Iraq has for some time been turning to Western suppliers and contractors because of supply problems in its East European trading partners. This shift will be confirmed by the need for repair, although foreign contractors will be more apprehensive than ever about working in the Iraqi environment.

* *Iraq: A new Market in a Region of Turmoil. EIU Special Report No. 88. £80 from EIU Ltd., Spencer House, 27, St. James Place, London SW1.*

British businessmen to study Syria opportunities

BY PAUL CHEESERIGHT

BRITISH BUSINESSMEN, under the auspices of the Committee for Middle East Trade, are to have talks with the five key Syrian State trading corporations, which between them control imports of about £1bn a year.

This follows an invitation to Mr. Cecil Parkinson, the Minister of Trade, by Dr. Mohammed Al-Atrash, the Syrian Minister of Economy and Foreign Trade, and is a tangible outcome of talks in London over the last two days aimed at boosting Anglo-Syrian trade.

UK exports to Syria have, since 1976, been running at between £56m and £60m a year, taking 3.5 per cent of the Syrian export market compared with 10.7 per cent taken by West Germany.

The Damascus Government is putting the finishing touches to a new five-year plan, to start in 1981.

At a CBI seminar yesterday, Dr. Atrash emphasised that the economy will develop as a mixed economy, and that agriculture is central to the plans being outlined.

The British mission will be able to explore the opportunities for supplying goods and services for the five-year plan. This could involve goods in the first years of the plan and projects later on. At the moment no UK engineering contractors are active in Syria.

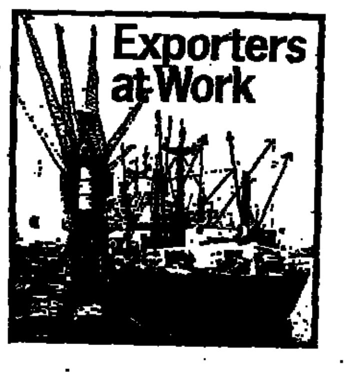
South African semi-conductor joint venture

JOHANNESBURG—Industrial Development Corporation of South Africa (IDC) and Siemens' 53 per cent-owned South African unit have formed a joint venture company for production of semi-conductors in South Africa, IDC said.

The new company, South African Micro Electronics Systems, is 51 per cent-owned by IDC and 49 per cent by Siemens, and will begin commercial production of semi-conductors in about February, 1981, IDC said.

About R12.5m (£6.86m) has been spent on plant and equipment at the new company's production facility at Koedoespoort, Pretoria.

Reuter



Shelman gives a perfect seal to a high technology business

BY PAUL CHEESERIGHT

"WORKING the material is so involved," said Mike Lister, "that only a handful of people outside the U.S. can do it. And we've got most of them."

About 30 of them to be precise—welders who take special plastics like fluorinated ethylene propylene and polyvinyldene-fluoride and weld them into valves, pipes and vessels used in petrochemical plants.

They work for Shelman Engineering, set up by Mr. Lister and Les Evans, who four years ago, went to the U.S. to find out how to line with plastics, how to give the plastics a perfect bonding, a perfect seal.

Showing the U.S.

Shelman has managed to push back the technology. "One of our chaps is going back to the U.S. in November to show them how we do it," said Mr. Lister.

The aim is to provide linings which withstand aggressive corrosion. Sometimes Shelman lines equipment already bought, sometimes it designs and makes a complete item. It has the cacacity to do this because it started in the early 1970s as a steel fabricator and then diversified into the complementary product.

For the moment, with the steel industry flat, most of the work the company is doing is linked to anti-corrosive linings in one form or another. And more than 80 per cent of it is for export.

"The Scandinavians and the Europeans have got into this and there is a big demand. The UK, being a bit conservative, is only now getting into it," Mr. Lister observed.

Shelman has been working in Norway since 1978 — Norsk Hydro is a client. It has sold in Switzerland, the Netherlands and West Germany. Recently it had a major order from Polimex in Poland. It has had inquiries from the Gulf and from the USSR.

The clients are often multinational petrochemical companies and their demands are individual. Thus there is a premium on careful research before making a bid for a contract. "No job is the same. Every vessel is different. That's why the pre-contract work is very costly," noted Mr. Lister.

It is a specialised market, but it enabled Shelman a £750,000 turnover in the first year after the introduction of the anti-corrosive service and has built up steadily since, although sales this year will have been affected by the move of the factory to Treorchy in South Wales from Reading.

The main competition Shelman faces is not from companies in a similar line of business but from traditional forms of lining with exotic metals like titanium or glass. It has an advantage with cost—a plastic lined vessel at £70,000 could cost a third of one lined with exotic metals—but the disadvantage of being small, striving for a name, in a world of big buyers.

So winning business is a painstaking matter. "We can't have salesmen—it's so expensive and specialised," said Mr. Lister. "Anyway, it's not like selling cars." And because Shelman does not have a great deal of money, it cannot afford the big exhibitions, about which he is distrustful. "My own experience at exhibitions is that everyone who comes round is a rival anyway."

But because Shelman has been active since soon after the beginning of fluoroplastics, it has built up a lengthy list of contacts. "We do work very much on a personal basis," Mr. Lister noted. "Even though petrochemicals is such a big business there are not that many people in this field."

The company receives some help from the makers of the raw materials and it advertises in trade magazines. Every inquiry which follows receives a personal, as opposed to circularised response.

New customers tend to be cautious. "Most new clients come for a small item. They see how it works, then they come back for a bigger one," said Mr. Evans.

To meet these orders, Shelman has to import a diversity of raw materials and here it is subject to currency risk. But it tries to price its own sales in sterling, as the currency is strong. Occasionally it has hedged on the forward foreign exchange market, but, said Mr. Lister, "this only works if payment can be guaranteed at a certain time." And the company uses the Export Credits Guarantee Department.

But work does not stop with payment. Clients often do not have the maintenance skills for the Shelman equipment so the company offers inspection every time a plant is closed down for routine maintenance.

The installations are the company's advertisement, so that all equipment is checked by Shelman before it will allow a buyer to run chemicals through them. The vessels themselves have in any case to be checked by an insurance company—the standards of welding are critical.

JOINT ANNOUNCEMENT

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED ("ANGLOVAAL")
MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED ("MID WITS")
DE BEERS CONSOLIDATED MINES LIMITED ("DE BEERS")

(All of which are incorporated in the Republic of South Africa)

Pursuant to an Agreement between De Beers and a subsidiary of Mid Wits, De Beers has been conducting prospecting operations for precious stones on the farm Venetia, No. 103 MS in the Zoutpansberg district. Mid Wits and Anglovaal have a 65,6% and 21,9% interest respectively in the subsidiary which holds the rights to precious stones.

In the event of a discovery which warrants the opening of a mine, De Beers is entitled to acquire the rights to precious stones. The benefits which will accrue to Mid Wits and Anglovaal in such event will depend on a multiplicity of factors but provision is made, in the form of a royalty, for an equitable participation in the profits derived from the exploitation of the precious stones.

Sampling of kimberlite found on the farm has resulted in the recovery of some diamonds. The extent of the kimberlite is not yet known and investigations, which are still at a very early stage, are continuing.

No meaningful appreciation or assessment of the implications for the companies concerned can be made until further information is available.

Johannesburg
23 October 1980

UK NEWS

Optional water metering for households proposed

BY JAMES McDONALD

ALL HOUSEHOLDS in England and Wales may have the option of metered water supplies if suggestions made yesterday by the National Water Council are put into operation by the 10 regional water authorities.

The Severn-Trent Water Authority—Britain's second largest—is to offer more than 80,00 householders in two pilot areas the option of installing meters in their homes this winter. The Anglian Water Authority is also to introduce a pilot metering scheme.

Domestic consumers will for the first time be able to pay for water services on the basis of consumption. The present system of charges for most households is linked to the rateable value of the property, although industrial and commercial consumers already have the option of metering.

From April 1 next year, under the 1973 Water Act, the water undue preference and undue authorities' charges must avoid discrimination. "This is understood to mean charges have to be related to services provided, not ability to pay," says the National Water Council.

The council's suggestion for optional metering is made in a consultation paper produced for Mr. Tom King, Minister of Local Government and Environmental Services. He says in a foreword that "the sense of unfairness at the system of domestic charging has grown considerably in recent years."

The council says it has examined various alternatives for charging, but "neither the economic benefits nor the benefits to consumers justify a commitment to universal metering at present."

It suggests that, subject to comment from the water authorities, its customers and other interested parties, all water undertakings should make optional metering available to households.

The Water Research Centre would aim to improve the technology and reduce the cost of metering and meter reading.

Water authorities might aim "in due course" to install meters for all households in selected new developments.

Universal metering is fair but costly, says the council, "perhaps £7 or £8 a year for each metered household in addition to installation costs. It would require water authorities to employ substantially more people."

Universal metering would not encourage people to cut their water consumption by the estimated 20 per cent needed to cover these costs.

Optional metering, says the paper, is not free from problems. "It will slightly increase water authority costs. The tariff for metered customers needs to include a standing charge to reflect costs. So far households using little water this option will not always be cheaper than rateable value."

Mr. King said yesterday it was "vital" that the National Water Council should receive reactions to the consultation paper from the widest range of public opinion. An antagonistic reaction came immediately from the National Consumers' Council. It said it hoped neither the Government nor the water industry would make "hasty decisions" on the basis of the paper.

More facts were needed about different rates of charging in different areas and about detailed comparisons of costs. The consumers' council called for an investigation by an independent body "rather than, as in this case, by a working group made up of representatives of the water industry which did not include a single representative of domestic water consumers.

Charging Households for Water, NWC Publications, 1 Queen Anne's Gate, London, SW1, £1.30 (inc. postage).

Slight fall in number of bankrupt companies

By Lisa Wood

THE NUMBER of bankruptcies and company liquidations between July and September fell slightly compared with the previous three months, according to official figures published yesterday.

But while the number of compulsory liquidations fell, the number of creditors' voluntary liquidations rose sharply to a new peak.

According to seasonally adjusted figures published by British Business, the Department of Trade journal, the number of company liquidations dropped from 1,798 in the second quarter to 1,751 in the third quarter. Compulsory liquidations fell from 810 to 629 while creditors' voluntary liquidations rose from 988 to 1,122.

The total of these is 73 per cent higher than a year earlier, with compulsory liquidations up 51 per cent and creditors' voluntary liquidations up 81 per cent.

On a seasonally adjusted basis the number of bankruptcies (receiving and administration orders) and deeds of arrangement fell from about 995 in the second quarter to about 985 in the third quarter.

Before seasonal adjustment the bankruptcies total for the third quarter was about 18 per cent higher than in the third quarter of last year.

Andrew Taylor on how the recession is affecting Blue Circle

Hard going for cement makers

THE DECISION by Blue Circle Industries to cut its UK cement-making activities comes after cement industry deliveries to the home market have declined by more than 28 per cent during the first nine months of this year. The bulk of this fall has occurred in the past four months.

Seasonally adjusted figures published by the Department of Environment this week show just how deeply the recession is biting into building material sales.

With construction order books continuing to decline, the outlook for cement manufacturers and other building material producers is grim.

According to the figures, UK cement deliveries, seasonally adjusted, fell by 17.7 per cent during the third quarter of this year, compared with the same period a year ago. On the same basis, brick deliveries declined by 30 per cent.

The level of new construction orders received by British contractors had fallen by 23 per cent during the three months to the end of August, compared with the corresponding period a year ago.

It is against this background that Blue Circle, the country's largest cement manufacturer, has decided to close two of its cement works and cut production at a third.

It is the decision to close three of its six kilns at Northfleet, Gravesend, which is perhaps most telling. Opened in 1969, the Northfleet works accounts for about two-fifths of the group's UK cement production.

The plant has an annual capacity of 3.5m tonnes, shortly to be reduced to about 2m tonnes. At one stage recently, Blue Circle had been hoping to increase quarrying reserves at Northfleet, but ran into planning problems.

This would have enabled Blue Circle to maintain full output at the works until the end of the century. However, because of difficulties in the export market and sharply rising energy costs, it was doubtful whether the group would have gone ahead with its plans anyway. Only occasionally during the plants 11 years of operation have all six kilns run simultaneously.

The group has decided to bring forward plans to cut production in the light of worsening prospects for cement sales. It has already embarked on a major programme to increase the efficiency of its UK operations and annual capital expenditure is expected to rise from £35m in the current year to £70m by 1982-83.

In addition to the Northfleet closures, the group is to shut two other works at Swanscombe in north Kent and North Ferriby on Humberside. Both plants are more than 50 years old.

Blue Circle is easily the largest of the UK cement manufacturers, controlling about 60 per cent of the home market.

However, cement industry sales have fallen sharply over the past eight years. This in part reflects public expenditure cuts introduced by successive governments, but also the completion of major building programmes started in the 1960s and early 1970s.

It is not surprising, therefore, that a growing proportion of construction industry turnover has been generated by repair, maintenance and improvements on existing structures.

Given the changing pattern of construction industry work loads it would have been unrealistic to have expected cement sales volumes to have been maintained at levels prevailing in the early 1970s. But the position has been made worse by recent Government attacks on public sector spending.

As a result, UK cement sales have declined from a peak of 19.8m tonnes in 1973 to 14.9m tonnes last year. The low point for sales was in 1977 when deliveries slipped to just 14.4m tonnes.

This year, deliveries could be about the same level as in 1977, while sales next year are currently expected to hit a new low.

Since 1970, the number of UK cement works has declined from 51 to about 30. At least one major plant has already been closed—Tunnel Holdings' West Thurrock works, which had an annual capacity of about 1m tonnes.

In spite of this rationalisation, a Price Commission report into Rugby Portland Cement, published in April 1979, estimated that the industry still had an annual capacity of 19.5m tonnes.

It is public spending on civil engineering projects that is crucial to manufacturers like Blue Circle. But these have been affected increasingly by the recent round of spending cuts, meaning further long delays and curtailment of capital spending programmes.

The announcement yesterday of a freeze on new council house spending — although it will not have much effect on cement makers — will be a further blow to the building materials industry where sales through builders merchants fell by 19.5 per cent in August, compared with the same month last year.

Private bus threat to London Transport

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

A LONDON TRANSPORT report on the possible role of private buses in London is to be considered by the Greater London Council on November 24. The report has been prepared against a background of continuing criticism of the efficiency of LT's bus operations.

Mr. Harold Mote, the chairman of the council's transport committee yesterday called for a "marked increase in productivity" on London Transport's buses.

Without this improvement, he warned, the council would not be able to avoid considering private operators as alternatives to LT on some of London's bus services.

Earlier this year, Sir Horace Cutler, the leader of the GLC, criticised London Transport over the declining number of passengers and the falling standards of service.

Until this year, LT had a statutory right unde rthe Transport (London) Act 1969 to refuse applications to run alternative bus services in the capital.

Unsuccessful applicants had no right of appeal. Now, under the 1980 Transport Act, applicants who have been refused permission by LT to run services have the right to appeal to the Metropolitan Traffic Commissioners.

Licences can be granted unless LT can convince the commissioners that an alternative private operator would be against the public interst.

However, LT said last night that it faced no "confrontation or threat" from the GLC to allow private buses.

Flexible

The LT Executive now believed a "flexible attitude to private operators should be retained in solving London Transport's problems."

It had "no plans" for asking private operators to take over any of its bus routes. Only a "handful of applications" from private operators had been received.

London Transport said a number of private operators already ran services in the Upminister area of east London. In Ruislip, in west London, the Elm Tree Transport company operated its 98b service to Rayners Lane and had plans to cut its maximum fare from 58p to 45p.

British projects benefit from £72½m EEC loans

BY JAMES McDONALD

LOANS totalling £72.5m have been made by the European Investment Bank, the European Community's bank for long-term finance, for British energy, telecommunications, water supply and sewerage development projects.

The biggest single loan, of £50m for 14 years at 12.1 per cent, goes to British Nuclear Fuels to help finance its share in the Urenco gas centrifuge uranium enrichment plant being built at Capenhurst, Cheshire, in co-operation with German and Dutch interests.

The EIB has already lent £10m to the project because of its importance in helping to cut the Community's dependence on oil imports. Annual output from the plant should fuel four nuclear power stations of 1,000 MW each for one year (equal to about a total of 5.3m tonnes of oil a year).

Another £10m, for 10 years at 11.3 per cent interest, goes to the Post Office to help in a £23m project to lay two submarine cables, one to the Netherlands and the other to Denmark.

The North of Scotland Hydro-Electric Board receives £5m, for 15 years at 11¼ per cent, towards the cost of substantially increasing electricity generating capacity in the Shetland Isles, where North Sea oil and gas-related activities have increased demand. The Severn-Trent Water Authority has been lent £7.5m by the EIB.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Guinness Mahon	16 %
Allied Irish Bank	16 %	■ Hambros Bank	16 %
American Express Bk.	16 %	■ Hill Samuel	§16 %
Amro Bank	16 %	C. Hoare & Co.	†16 %
Henry Ansbacher	16 %	Hongkong & Shanghai	16 %
A P Bank Ltd.	16 %	Industrial Bk. of Scot.	16¼%
■ Arbuthnot Latham	16 %	Keyser Ullmann	16 %
Associates Cap. Corp.	16 %	Knowsley & Co. Ltd.	18 %
Banco de Bilbao	16 %	Langris Trust Ltd.	16 %
BCCI	16 %	Lloyds Bank	16 %
Bank of Cyprus	16 %	Edward Manson & Co.	17 %
Bank of N.S.W.	16 %	Midland Bank	16 %
Banque Belge Ltd.	16 %	■ Samuel Montagu	16 %
Banque du Rhone et de la Tamise S.A.	16¼%	■ Morgan Grenfell	16 %
Barclays Bank	16 %	National Westminster	16 %
Bremar Holdings Ltd.	17 %	Norwich General Trust	16 %
Brit. Bank of Mid. East	16 %	P. S. Refson & Co.	16 %
■ Brown Shipley	16 %	Rossminster	16 %
Canada Perm't Trust	17 %	Ryl. Bk. Canada (Ldn.)	16 %
Cayzer Ltd.	16 %	Schlesinger Limited	16 %
Cedar Holdings	16 %	E. S. Schwab	16 %
■ Charterhouse Japhet	16 %	Security Trust Co. Ltd.	17 %
Choulartons	16 %	Standard Chartered	16 %
C. E. Coates	16 %	Trade Dev. Bank	16 %
Consolidated Credits	16 %	Trustee Savings Bank	16 %
Co-operative Bank	*16 %	Twentieth Century Bk.	16 %
Corinthian Secs.	16 %	United Bank of Kuwait	16 %
The Cyprus Popular Bk.	16 %	Whiteaway Laidlaw	16¼%
Duncan Lawrie	16 %	Williams & Glyn's	16 %
Eagil Trust	16 %	Wintrust Secs. Ltd.	16 %
E. T. Trust Limited	16 %	Yorkshire Bank	16 %
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 14¾%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

Consumer spending falls again in third quarter

BY DAVID MARSH

VOLUME of consumer spending fell between July and September for the second successive quarter as the recession spread throughout the economy.

Fast-rising unemployment and gloomy economic prospects have clearly dampened spending this year. But the consumer sector so far has been hit relatively lightly by the economic downturn, in line with general forecasts at the start of the year that the brunt of the recession would be borne by manufacturing industry.

Preliminary figures published yesterday by the Central Statistical Office show that spending fell about 0.5 per cent in the third quarter from the second to £17.5bn, seasonally adjusted and at constant 1975 prices.

This followed a far sharper drop of 2.8 per cent in the first three months of the year.

A big increase in spending on motor vehicles in the third quarter, about 8 per cent compared with the second quarter, seasonally adjusted, helps explain the smaller fall in the latest period.

Much of this increase may have reflected purchases of company cars rather than buying by individuals.

The general slump in retail sales in the summer was the main depressant on consumer activity.

As reported earlier this week, volume of retail spending fell by 1.4 per cent during the latest quarter.

A big decline in spending on beer, about 10 per cent compared with the second quarter, also contributed to the drop.

The main reason for the drop in beer-drinking was said to be unseasonal summer weather.

Pay rises 'may stay below 10%'

BY DAVID MARSH

AVERAGE pay increases during the 1980/81 round of wage negotiations may be kept to well under 10 per cent, according to Mr. Peter Rees, Minister of State at the Treasury.

In one of the most optimistic assessments of wage prospects made recently by a Minister, Mr. Rees said there was likely to be a wide range of settlements over the next 12 months.

"But in contrast with the pay explosion of last year, the average could well be below double figures."

Speaking at the annual conference of the Institute of Personnel Management in Harrogate yesterday, Mr. Rees welcomed the 8.2 per cent wage increase agreed in the engineering industry last week.

But this figure might well be too high for companies in other sectors with tighter economic prospects and lower productivity.

Stressing the Government's view that formal pay policies were "doomed to failure," Mr. Rees said it was right that, in the private sector, the pattern of wage settlements was being dictated largely by the market.

He reminded managements and unions that if companies conceded higher pay increases than their economic positions could support, the prospects would be "grim" both for the companies and their workforces.

The public sector was a more difficult area where market forces either did not operate or applied less directly.

But the Government was determined to maintain "strict control" over public service pay. It had not yet decided the pay factor in cash limits for public spending next year, which will be announced later this autumn.

But Mr. Rees pointed out that Sir Geoffrey Howe, the Chancellor, has already said the cash limits would provide for single-figure earnings increases.

Meyer lots sell for £6.7m

THE ANDRE MEYER collection of paintings, drawings and sculpture was sold at Sotheby's in New York on Wednesday night for £6,719,796.

The top price was the £897,959 for "Boukuet of wild flowers" by Van Gogh. "La Bohemienne" by Renoir made £653,061. Another Van Gogh "The bridge at Trinquetaille" sold for £612,245.

The general Impressionist sale that followed produced a total of £3,828,408, with "Woman and Birds" by Joan Miro selling for £167,347.

Christie's also auctioned Impressionists in New York on Wednesday. A pen and brown ink by Van Gogh, "Coin de parc," made £118,367.

In London yesterday, Stanley Gibbons held its first auction in association with James, adding coins and medals to its lists. A Guernsey Commercial Bank £1 note of 1916 went for £1,050 and a £1 note of 1970 fetched the same sum.

SALEROOM

BY ANTONY THORNCROFT

Time running out, Shore warns party

BY RICHARD EVANS, LOBBY EDITOR

AGAINST the background of continuing Labour Party conflict, Mr. Peter Shore, one of the contenders for the leadership, warned last night that time was running out if Labour was to have any chance of winning the next general election.

"Unless Labour can present the leadership and policies that will attract an additional 2m voters, the best we can hope for is the slow paralysis of a minority government, and the worst, 10 years of the Thatcher experiment," he said in Tower Hamlets, East London.

For the past 18 months, the Labour Party had been wracked by bitter internal arguments. Time was running out.

To win next time, Labour had to achieve a swing on existing constituency boundaries unsurpassed in all but one of the last 10 general elections.

The electoral map was also being redrawn in a way that was certain to benefit the Conservative Party, he warned.

This was the background to Labour's internal debates. He did not deny their importance, he said, but it was crucial to realise that when the arguments were settled in a few months time there would be a massive task of defeating the Conservative Government and winning the next general election.

One of the other leadership contenders, Mr. John Silkin, wrote an open letter to Sir Keith Joseph, Industry Secretary, claiming that the latest unemployment figures had demonstrated the utter poverty of the Government's policies.

Recent economic indicators confirmed the existing evidence that Mrs. Thatcher had lost control of the economy and that Britain faced industrial collapse, said Mr. Silkin.

Two Left-wing Labour backbenchers, Mr. William McKelvey (Kilmarnock) and Mr. Ernie Ross (Dundee West), propose tabling an emergency resolution at the special meeting of the Parliamentary Labour Party next Tuesday called to discuss the leadership.

They propose that, on the vote following a discussion on whether to postpone the leadership elections until a new method of electing the leader is devised next year, all votes should be recorded and published.

Defence expenditure may need £500m cut

By Michael Donne, Defence Correspondent

The possibility of cuts in defence spending of up to £500m a year in the period up to 1984 has been raised by Mr. John Biffen, Chief Secretary to the Treasury, in a letter to Mr. Francis Pym, the Defence Secretary.

The Treasury originally asked for savings of up to £140m a year from 1981-82 to 1983-84. This was later raised to £400m a year. Now it is believed that the Treasury wants to put it up further to £500m.

Mr. Pym has been warned by the Chiefs of Staff of the serious effects such cuts would have on the defence establishment, already badly depleted by cuts under the Labour Government, and only just beginning to recover.

A report from Press Association yesterday said that documents in its possession, including a letter from Mr. Biffen to Mr. Pym, spelt out the demand for cuts by Mr. Biffen, and the Defence Chiefs' fears.

The cuts would mean that the UK would cut from 3 per cent to 1½ per cent its overall target for increased defence spending under its commitments to NATO.

As a result of overspending by the Ministry of Defence amounting to some £600m in the current year, a three-month "freeze" on new defence contracts has been imposed.

This is beginning to bite deeply into the defence contracting industries, especially among smaller companies.

'Concern' warning

According to the Press Association report Sir Frank Cooper, Permanent Secretary to the Defence Ministry, has warned Mr. Pym of his own concern over further reductions in spending, especially in the light of the deterioration in the international situation in recent weeks.

Sir Frank said that industrial and economic factors would continue to exert "enormous pressures" on the defence budget.

Mr. Biffen says in his letter to Mr. Pym that he recognises that substantial further cuts in spending would create programme difficulties.

"But I have to put no less unwelcome proposals to other colleagues with major expenditure programmes, and must look to you to accept a fair share.

"A strong defence requires a sound economy," he says.

"The cuts which we now have to examine in social, and other previously protected programmes, are likely to create even greater political and presentational problems."

Government urged to try offshore licence auctions

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT has been urged to consider auctioning future offshore oil licences. The call was made yesterday by the House of Commons' powerful Public Accounts Committee.

The committee reported that the Government could boost North Sea revenues while retaining power to choose which companies were allocated licences.

In evidence to the committee the Department of Energy had said that advantages of the present discretionary award system might outweigh those of an auction method of licensing. The Department said that under an auction system acceptability and suitability of applicants would tend to take second place to the amount of money they would bid.

In general, it was claimed, small companies would be outbid by larger group. Auction premiums would be allowable deductions for Petroleum Revenue Tax and Corporation Tax, and as a result the undiscounted net benefit to the Exchequer could range between only 10 and 48 per cent of the bonus payments.

But, the committee concluded: "We are not convinced that some degree of weight could not be accorded to the varying amounts of premium that different applicants may be prepared to offer for particular blocks.

"We consider that applicants should be asked for information on this point along with the many other points of relevance. The Department could still preserve their right to allocate licences entirely at their discretion and to reject the highest or any other cash bid."

A Department spokesman said last night that no arrangements had yet been made for the next round of licences. "As a result we cannot say that any method of licensing has been ruled out."

The Energy Department is choosing licensees for the seventh round of concessions. A feature of this round is the new idea of premium licences, chosen by the oil companies if they make a down payment of £5m for each block awarded to them. The Government expects to receive well over £100m from these payments.

The only time that a Government has opted for the auction system was in 1971, when 15 blocks were awarded to the highest bidders for £37m.

The Public Accounts Committee, expressing concern at British National Oil Corporation's freedom to raise money by selling forward large volumes of oil, said it was worried that as forward sales fell outside statutory limits on sums that could be borrowed or guaranteed by the State oil corporation, unlimited credit was effectively available to the undertaking.

Thet Energy Department and Treasury shared its concern, it said.

Thirty-First Report from the Committee of Public Accounts; House of Commons Paper 780; SO, £4.

Decline in engineering orders confirms onset of recession

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE SHARP onset of the recession in the engineering industry, which has been remarked upon by many companies in recent statements, is confirmed in official figures published today. These show a 6 per cent drop in new orders between April and July this year.

The decline was more marked in the trend of new export orders, which fell by 9 per cent over the period against 4.5 per cent in new orders from the home market.

The trend of total new orders has ben falling since the middle of last year, although there was a brief revival in the export market towards the end of last year.

But the latest figures, published in British Business, can be expected to mark the beginning of the recession in earnest.

New order intake is significant when set against the rate at which sales are completed, so determining the level of orders-on-hand.

These have fallen sharply since the start of the year. In July, the volume of orders-on-hand stood at 85 (1975 average=100), the lowest since October 1978.

The overall situation in the machine tool industry, for which figures are also published in today's British Business, is consitderably worse than for the engineering industry as a whole.

The industry's order book in the summer was at a level which was less than 60 per cent of the average during 1975, the base year for official industry statistics.

New home orders dropped by 14.5 per cent between April and July this year. The fall in export orders was 0.5 per cent from a very depressed level, but it is the shortening home order book which is giving "cause for concern," according to the Department of Industry's comment on the figures.

Consumption of finished steel in the second quarter of this year amounted to 3.45m tonnes, a slight increase on the first quarter figure of 3.29m tonnes.

Stocks held by consumers and stockholders at the end of the second quarter totalled 4.71m tonnes, compared with 3.31m tonnes in the first quarter.

Two textile factories to close

BY LISA WOOD

CARRINGTON VIYELLA, the textile group, is to close two factories in Oldham and Walkden, Greater Manchester, with the loss of 265 jobs.

The factories, which produce Dhobi brand outerwear, have been affected by the continued weak demand for clothing.

A number of jobs are also likely to be lost at CV's Peter England Cheadle Hulme storage depot, also in Greater Manchester. The company is planning to transfer warehousing to another site near Nottingham.

Richard Johnson and Nephew (Ambergate), a Derbyshire wire manufacturer, is to shed 70 of its 460 workers. The redundancies will affect salaried as well as hourly-paid employees.

More than 70 workers at Follwraps of Northampton, sweet and confectionery packaging manufacturers, have been put on a three-day week because of a slump in orders.

Rigid Containers, packaging manufacturers of Desborough, Northants, have put 200 workers on a four-day week

BXL Plastics, part of the British Petroleum group, which manufactures squeeze tubes for the cosmetics, food and pharmaceutical industries, is to close its factory at Stamford, Lincolnshire. The company said the site was unsuitable for expansion and production was being transferred to Corby, Northamptonshire under a £2m investment programme.

The new factory is to be staffed as far as possible by existing employees and job losses amongthe 250 employees will be met by voluntary redundancies and natural wastage.

● Research into the problem of skilled labour shortages among engineering companies in the North West is to be sponsored jointly by the Manpower Services Commission and the regional offices of the Confederation of British Industry and the Trades Union Congress. The research will be conducted by the Institute of Manpower Studies, an independent body.

New head for Atomic Energy Authority

By Ray Dafter, Energy Editor

Dr. Walter Marshall, a leading nuclear physicist, is to become chairman of the UK Atomic Energy Authority in February.

He will succeed Sir John Hill, who retires at 60 having been chairman of the authority since 1967. Sir John will continue as part-time chairman of both British Nuclear Fuels and The Radiochemical Centre.

Dr. Marshall, 48, has been deputy chairman of the UKAEA since December, 1975. At that time he was also the Department of Energy's chief scientist.

Dr. Marshall is a strong supporter of the American Pressurised Water Reactor (PWR) system of nuclear power. He had differences of opinion with the former Energy Secretary, Mr. Anthony Wedgwood Benn, and as a result was released from his part-time chief scientist role to concentrate on his work at the Atomic Energy Authority.

He was educated in his home city of Cardiff and at Birmingham University where he read mathematical physics. He joined the Atomic Energy Research Establishment at Harwell in 1954 and six years later was appointed head of the theoretical physics division. In 1964 he was made a member of the research group management board.

In February 1967 he received the additional appointment of deputy director of the research group. He became director of Harwell in April 1968, and a year later director of the research group covering both Harwell and the Culham Laboratory.

Men and Matters, Page 20

British Caledonian seeks more flights

BRITISH Caledonian Airways is asking the Hong Kong Air Transport Licensing Authority for approval to raise the number of its flights between London and Hong Kong from four a week to five, and possibly six, writes Michael Donne.

Mr. Alastair Pugh, managing director of British Caledonian, told the authority yesterday that before next summer it wanted to add between 27,000 and 65,000 annual seats to the route. The airline had committed more than £17m to develop the route.

Challenge to Nott licensing decisions

RECENT ACTIONS by Mr. John Nott, the Trade Secretary, in overturning licensing decisions reached by the Civil Aviation Authority were challenged in the House of Lords yesterday.

Lord Boyd-Carpenter, a former chairman of the CAA, said the right of appeal to the Trade Secretary against decisions by the CAA should be restricted not abolished.

Contract Marine

IN OUR issue of October 18, it was stated that Contract Marine Carriers had withdrawn its North Atlantic service. It has been drawn to our attention that this is not the case. The company continues to operate on the North Atlantic. We regret the error.

Max Wilkinson finds manning and technology inextricably linked at Gray's Inn Road

Machinery is the millstone of Times titles

ONE OF the first questions to be asked by a potential buyer of the Sunday Times must be: "Do I really have to use the Gray's Inn Road presses and all those printers?"

If the paper is to be produced in its present form, the answer is yes; and that is going to make the sale of the Sunday Times, The Times and the three supplements extremely complicated to achieve.

The reason is that the printing of the Sunday Times is the largest operation of its kind in the UK and probably in Europe.

In order to produce the 1.4m to 1.5m copies, 90 press units thunder through Saturday night into the small hours of Sunday morning. The machines are capable of running at the rate of some 40,00 copies an hour in nine lines of 10 units each. (However, because of breaks and stoppages, the average speed is only about 20,000 copies an hour.) These long lines of machines are needed to produce papers of up to a theoretical maximum of 80 pages, union agreements permitting.

Nowhere else in the UK are so many presses configured in a way which would produce so many copies with a high number of pages.

There are other newspaper offices with large numbers of units, but they tend to be grouped together in shorter lines of perhaps six machines or fewer. The Daily Telegraph, for example, is limited to a maximum of 40 pages and can only produce about 1.3m copies a night. So even if its presses were not occupied with the Sunday Telegraph on a Saturday night, they would not be able to produce the present Sunday Times.

The popular newspapers of Fleet Street are printed on presses configured for tabloid production, so that they are only capable of producing papers with 32 broadsheet pages or fewer.

Even the Thomson Regional Newspapers printing house at Withy Grove in Manchester, which has a large number of presses, is not configured to produce anything on the scale of the Sunday Times.

Any purchaser would, therefore, be obliged either to use the existing plant—and presumably the existing, predominantly casual labour force—or to undertake a radical restructuring of the paper.

This could be achieved by dividing the newspaper into sections in the way which is common on the Continent and in the U.S.

The idea would be to print some sections—for example, arts, women's and some features—earlier in the week, starting perhaps on Thursday. This might avoid the difficulties which have arisen from the tidal wave of casual staff which must be employed on a Saturday night.

A smaller staff employed by the Sunday Times could in theory work steadily through the week, and the risk of breakdowns on the final print run would be much lower than at present.

Where 10 machines are all running in one line, the risk of a mechanical fault is obviously multiplied. The present constricted space in Gray's Inn Road and the complicated way in which paper has to be threaded along the line have compounded the problems of labour indiscipline and contributed to the poor production record.

However, any buyer who wanted to change the present system would have to be prepared to spend a considerable amount of money on new machinery to collate the different sections and on new building work to accommodate it. Then he would have to set out on the bumpy road of negotiations with the unions.

The alternative which has been considered by the present management would be to distribute the printing operation between a number of provincial centres. This, however, does not appear to be a viable option, because in spite of the chronic overmanning of the Sunday Times its printing costs page-for-page compare favourably with those of smaller provincial centres, where reduced wage costs are offset by smaller capacity.

These considerations all point to the conclusion that if the Sunday Times is to continue, it will be based on its present printing operation. Even with present manning levels the paper could make money, with perhaps a modest profit up to £1m next year and a sharp increase in profits when advertising levels recover.

Profits, however, would depend entirely on the willingness of the printers to ensure continuous production.

The new owner would therefore want to be sure that any guarantees of good behaviour were more likely to be honoured than were the guarantees given to Lord Thomson a year ago. A buyer would also have plenty of scope for trying to negotiate reductions in manning, since machines in the U.S. and elsewhere are operated with about a third as many operatives as at the Sunday Times.

Almost certainly, however, he would have to bite the bullet of high wage rates, which have been increased enormously by Times Newspapers' management during the last year. A machine assistant, for example, earns about £10,000 a year for relatively short hours.

If, on the other hand, the Gray's Inn printing works were to be closed and the machines sold, another home would have to be found for The Times, the Guardian and the three Times supplements which all use the presses during the week.

One possibility would be for The Times and the Guardian to go to The Times's ancient presses in Printing House Square, now owned by The Observer. In spite of the fact that some of these machines are half a century old, the three lines of 12 units could cope with both papers. Or one of them might find spare capacity in the Express building.

The problem for both papers and particularly The Times would be in forging new manning agreements which could cut costs sufficiently. Even the computerised typesetting, which the National Graphical Association agreed yesterday to operate, will not yield enough savings to staunch The Times's losses.

On a revenue of about £30m a year, its loss is running at about £6m. Fleet Street bargaining units have in the last few years shown no sign of conceding that state of saving to any management—even in the face of imminent disaster.

In the absence of an unprecedented reduction in manning or of a very rich fairy godmother, there must be a strong possibility, therefore, that The Times will close in March.

Mr. William Rees-Mogg, its editor, would then make an effort to revive the paper after a period of closure. The new Times would have to be much leaner, with perhaps only one edition.

However, it would probably have to be printed in a provincial centre within about a 100-mile radius of London. Deadlines would inevitably be earlier and therefore some news would be sacrificed, but Mr. Rees-Mogg said yesterday that he thought the consumer would not find a great difference. "Because of television the emphasis on news has become less important than it was," he said.

As for the Times Educational Higher Education and Literary Supplements, nobody yet knows how they could be organised. But it is clear that they could be printed in any number of provincial centres, where, with new technology and lower labour costs, they could quite soon move back into profit.

Airlines 'misleading public over Heathrow charges'

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRLINES PLANNING to sue the British Airports Authority for "excessive and illegal" charges at Heathrow Airport are themselves misleading the public, *according to the Airports* Authority.

Mr. John Mulkern, managing director of the Airports Authority, says in an article in the Authority's newspaper that two of the 18 airlines suing the Authority are actually paying less per year than they were before *April 1*.

The 18 airlines, members of the newly formed British Airport Users' Action Group, have issued a collective writ against the Authority on the grounds that its charges are too high. They have refused to pay the rises, and have put the money *into a trust fund until* their legal action is settled.

Mr. Mulkern says "differences between partners should be settled by negotiation and not by public and expensive squabbls.

"It is a fact that some airlines pay less in charges at Heathrow *than they would pay* for the same programme (of landings and take-offs) at their home airports.

"To check this, we programmed our computer to cost Air France's scheduled timetable of flights at Heathrow between April 1980 and March 1981, at Heathrow rates and at Paris rates.

"The answer was revealing: Air France would pay 8 per cent more in charges for the same programme of flights at Paris than they do at Heathrow.

"Likewise, for Swissair at Zurich it would be 11 per cent more, for Lufthansa at Frankfurt it would be 63 per cent more, for Austrian Airlines 89 per cent more at Vienna and for Sabena an almost unbelievable 234 per cent more at Brussels."

Mr. Mulkern says that to support their case, the airlines have made use of some extreme examples in comparing charges now and before the April 1980 increases.

"*But* the charging structure was simplified in April and it has led in a few individual cases to some charges increasing by much more than the overall rate.

"It does work the other way too, but the public is not told about that. Charges for two of *the 18 airlines who have taken* legal action have gone down.

"For the same pattern of flights, Sabena's landing charge bill based on 1980-81 rates should be down 15 per cent on 1979-80 rates. Austrian Airlines will be even better off, because its should be down 26 per cent.

"Lufthansa don't have too much to complain about either—their annual bill will be up by only 8 per cent, which compares favourably with the overall Heathrow increase of 40 per cent.

● The £15m modernisation programme for Terminal Two at Heathrow Airport is in its final stages. The construction of the European satellite terminal to link Terminals One and Two for short haul flights to such destinations as Paris, is nearing completion. Terminal Two is used by 7m pasengers a year.

● British Airways is to abolish first-class service on several more short-haul European routes, replacing it with the *new Club Class cabin*. The system has been tried successfully this summer on the London-Paris route.

From Sunday, Club and Tourist class cabins will be introduced on London-Nice and Birmingham-Paris, the following day between Glasgow and Paris, and six days later between London and Manchester to Amsterdam.

On long-haul routes BA is improving first-class service with all first-class passengers on Boeing 747s getting sleeperette seats by April.

Ulster jobs aid may get stricter controls

By John Elliott, Industrial Editor

STRICTER CONTROLS of state *aid provided to attract new* industrial projects are likely to be introduced soon by Northern Ireland's Departments of Finance and Commerce following criticism by the Commons Public Accounts Committee.

The Departments are reviewing how aid is allocated and how much is spent for every job provided in the province.

The Public Accounts Committee has been especially critical of the aid provided by the Departments for Courtaulds and Simms Steel Industries.

The Government's reactions to these criticisms were published in a memorandum prepared by the Northern Ireland Department of Finance.

This said the Departments "shares the Committee's concern about the need for greater control over industrial development projects involving the commitment of public funds."

Northern Ireland Department of Finance. Memorandum on the 14th Report from the Committee of Public Accounts, Session 1979-80. £1.10p.

Polish ships order criticised

BY WILLIAM HALL, SHIPPING CORRESPONDENT

BRITAIN WOULD have been better off *if British Shipbuilders* had not won the £115m order for 24 ships for British Shipbuilders announced by Mr. James Callaghan at the Labour Party Conference in 1977, a report by the Public Accounts Committee concludes.

At the time the order was taken British Shipbuilders had just been nationalised and was desperately short of work. The Polish deal was seen as a necessary lifeline while the shipbuilding industry was rationalised.

The report says that with *hindsight the £68m of losses and* intervention fund assistance "must have passed the level at which it could be assumed that taking the order would produce a net benefit to the UK economy."

As part of the deal British Shipbuilders and Polish Steamship Company set up a joint company, Anglo-Polish Shipping Venture, based in the Polish port of Szczecin. It had an initial capital of £50,000, half contributed by the Poles.

British Shipbuilders arranged the finance for the joint company to buy the ships, which will be chartered to Polish Steam Ship Company. The earnings are expected to pay for the cost of the ships which will then be owned by the Poles.

The background details as to *why the Labour Government* thought the Polish order had to be accepted remain confidential. The Public Accounts Committee asked for information about the social and regional consequences of not accepting the order.

These studies were not made available to the committee because they involved "confidential advice by officials to the previous administration, which under the established conventions, could not be disclosed to present Ministers."

It is clear from the committee's report that no specific resource cost analysis of the Polish order was undertaken because British Shipbuilders had not prepared its corporate plan at the time and had not taken a firm view about the future prospects of the individual yards to which the Polish orders were to be allocated.

Aside from its criticism of the Polish order, the report emphasises its concern about the "high level of subsidy for British Shipbuilders."

Up to March this year it received £298m in direct support as public dividend capital or Intervention Fund payments, and will require further support in 1980-81 to meet its expected loss of £90m.

Mr. Robert Atkinson, British Shipbuilders' chairman, said that while not wishing to minimise the seriousness of the committee's findings, "it is more important that we are seen to be doing something about them."

The Polish order "provided a temporary workload." Since then the industry has "been restructured at a cost of £54m, some of the least profitable yards have been closed, and the total labour force has been reduced from 85,000 to 70,000."

MPs seek better EEC budget monitoring

BY DAVID MARSH

THE GOVERNMENT should improve Parliament's ability to monitor EEC spending by presenting more detailed informa*tion on Britain's contributions* to the Common Market budget, according to an all-party committee of MPs.

In a report published today, the Committee of Public Accounts recommends that the Government should present Parliament every year with a statement giving details of the overall EEC budget and Britain's estimated contribu*tions and receipts*.

After the close of the Community financial year, it should make available a statement setting out actual spending and revenues which can be reconciled with general figures already provided on central government spending and revenue.

Such statements should provide comparisons with budgetary contributions and receipts *of other member states*, the committee says.

It says Parliament in the past has been given a substantial amount of information on the EEC budget. But it complains that "this has been on an ad hoc basis and in a confusing variety of forms."

The committee warns that the agreement reached in May reducing Britain's net budget *contributions for* 1980 and 1981, does not provide any long term solution to the problem of the EEC's budgetary imbalance.

The MPs call for changes in the structure of the budget to bring about "a more equitable sharing" of financing costs.

Plaid Cymru jobs fears

FINANCIAL TIMES REPORTER

THE 12 per cent unemployment rate in Wales is expected to dominate discussions at the assembly of Plaid Cymru, the Welsh nationalist party, which opened at Porthcawl yesterday.

Mr. Dafydd Wigley, Plaid Cymru MP for Caernarvon, warned a rally that unless the party achieves its aim of Welsh self-government, "Wales could *face 20 years of Thatcherism*." He said Labour was so divided it would not regain power before then.

Wales faced the choice of either curling up and surrendering to Thatcherite policies—such as migration of young unemployed, closure of steel works and pits and slashing of local government services — or making a total break with *London*.

APPOINTMENTS

COMPANY NOTICES

UK NEWS — LABOUR

Workers in heating and ventilation win 15% increase

BY PHILIP BASSETT, LABOUR STAFF

WORKERS IN the heating and ventilating industry have agreed pay increases worth 15 per cent on hourly rates, to come into force in February.

Though the increase is marginally below the prevailing rate of retail price inflation—15.9 per cent—it is still considerably higher than the single figure settlements being urged by Ministers. The employers agreed yesterday that the size of the deal "looks high in the present climate."

The 30,000 workers in the heating and ventilating contracting industry have done well from recent settlements. Two years ago, they challenged the Labour Government's pay policy with a 47 per cent claim, eventually settling for a special case package worth about 30 per cent.

Last year, as part of a long-term agreement which moved the due settlement date from August to February, they won a reduction in their working week from 40 to 38 hours without loss of pay.

That settlement was due to run for a further year from February 1981, giving increases based on retail price movements. However, the National Union of Sheet Metal Workers rejected the employers' formula for determining the increase, which would have paid a fitter 3p an hour less than the rate agreed under the new settlement.

The agreement between the union and the Heating and Ventilating Contractors' Association gives a 31p increase in the fitters' hourly rate, from 205p to 236p, or 15.1 per cent.

Other increases include: foremen 267p to 307p, or 14.9 per cent; chargehand, 256p to 295p, or 15.2 per cent; advanced fitter, 226p to 260p, or 15 per cent; improver, 195p to 224p, or 14.8 per cent; assistant, 185p to 212p, or 14.5 per cent; and a mate over 18 years of age, 164p to 189p, or 15.2 per cent.

Mr. Peter Welch, the association's head of industrial relations, said: "This settlement of over 15 per cent looks high in the present climate, but we could not ignore the offer we made over a year ago, nor the increases in the related industries of plumbing and electrical contracting, which will operate from about the same time."

CBI and TUC fall out on new technology

By Christian Tyler and John Elliott

CHANCES OF an agreement between the TUC and the CBI on economic matters and a common front against the Government's strategy have receded.

Differences arose when the CBI refused to endorse joint guidelines on the introduction of new technology into British companies.

But the TUC will continue trying to convert the employers to its views on the economy.

The TUC had hoped that agreement on new technology would pave the way for consensus on broader issues.

At a private meeting, over dinner earlier this week, the CBI was criticised for its failure to agree. But the employers' team made it clear that they were not prepared to go to the wall on an issue like that, especially when new Director-General Sir Terence Beckett had only just taken office.

It was agreed, however, that there will be further discussion on economic matters. The next dinner is likely to be in January, by which time the TUC will be finalising its annual economic review.

The CBI, meanwhile, will be preparing its medium-term plan to 1985, which Sir Terence has started work on. These two papers are expected to provide the basis of the agenda.

TUC leaders, meanwhile, warned that unions will continue to seek new technology agreements on their terms.

They believe the CBI did not try hard enough to sell the draft agreement to their "backwoodsmen" and tha tahtidwoedb ... men" an dthat it had bowed to the argument that unions were under such pressure at the moment, because of the recession, that deals with the TUC were unnecessary.

At the meeting, the TUC team was led by Mr. Len Murray, general secretary, and the unions were directly represented by Mr. David Basnett of the General and Municipal Workers Union and Mr. Frank Chapple of the Electricians.

With Sir Terence for the CBI were Sir Ray Pennock, CBI president ,and other senior representatives.

Texaco offers 14% to refinery workers

BY NICK GARNETT, LABOUR STAFF

TEXACO YESTERDAY offered process, craft and maintenance workers at its Milford Haven refinery in Pembroke, average pay incerases of 14 per cent.

This is in lin with offers by other oil companies and the settlement for porcess workers at Shell refinery and chemicals complex at Carrington Manchester.

Shop stewards representing 140 process workers on the Texaco Milford Haven site last night recommended rejection of the offer.

It means rises of 12 to 15 per cent on sliding scale for process workers, with an increase of £200 on yearly shift payments. Craft and maintenance workers are understood to have been offered a straight 14 per cent.

The unions have been affected by a deal made by refinery workers at Esso's Milford Haven site in June which produced rises of 24 per cent overall.

Process workers have also been seeking a new shift payment in line with the £1,680 a year recently negotiated at Shell.

Shift workers at BP's Grain refinery in Kent have accepted a pay offer of 11 per cent, to be negotiated in March next year.

Water workers seek 30%

BY PAULINE CLARK, LABOUR STAFF

WATER INDUSTRY manual workers are pressing for a 30 per cent pay rise in spite of employers' hopes for a single figure settlement.

Negotiations will not start in earnest until the middle of next month, but the employers' side of the National Joint Industry Council for the Water Service warned unions: "We are just not in the ball park of allowing an increase in wages which would open us to attack from customers protesting about water charges."

The water and sewerage workers have shown increasing militancy over the past two years. They are already said by union leaders to be preparing at union branch level for a determined stance against any attempt by the Government to include them in their pay restraint policy for the public services.

They are unlikely to settle for less than 15 per cent.

Along with the miners and power workers, water workers could present a major threat to the Government's pay restraint aspirations this year because of their position in the economy and their comparatively strong position in terms of job security.

The industry is capital intensive. Management is conscious that there can be little room for job cuts to help finance a high pay settlement.

Employers pointed out yesterday that the industry has come under increasing pressure from consumers — particularly in financially hard-pressed industires—not to allow any further increase in water rates. Nor is there any room for further capital expenditure cuts.

The claim by the 33,000 water workers includes a demand for an across the board increase of £20 a week, consolidation of an efficiency pay supplement, a review of service increments, improved shift allowances, and a five-week holiday compared with four weeks. They also want morep rogres towards a 35-hour week.

The biggest unions in the sector, the General and Municipal Workers Union and the National Union of Public Employees, said yesterday they would argue strongly against any argument that wage rises would significantly contribute to higher water charges.

The annual wage bill for manual workers is put at about £180m.

Unions intend pressing their familiar argument of comparability with pay in the electricity and gas services. Average earnings for manual water and sewage workers are £106 a week on a basic rate of £60 a week.

● Leaders of 1.1m local authority manual workers, another powerful public sector group whose industrial action was at the forefront of the 1978-79 "winter of discontent," submit their claim for substantial pay increases today. Employers have already talked in terms of a single figure offer.

Dewhurst butchers submit claim

By Our Labour Staff

The Union of Shop, Distributive and Allied Workers is seeking a basic minimum of £70 a week and a cut in working hours for 7,000 retail staff at Dewhurst, the butchers.

During the controversy over alleged tax avoidance by the Vestey family empire, which owns the Dewhurst chain, the union has been critical of the chain's wage rates.

The current settlement expires in January, but USDAW said yesterday it had decided to submit a claim early following the company's decision not to make its traditional half-year increase.

The union said the minimum rate of £55 for a skilled butcher in London and the major cities, with £1 less in the provinces, was less than the £64 at the Co-op.

Talbot workers join campaign

FIVE-THOUSAND workers at Talbot's Linwood car plant yesterday voted to oppose any further redundancies.

They also agreed to support a trade union campaign to safeguard the vehicle building industry in Scotland.

This calls on the Government to impose import controls on foreign cars and to cut Minimum Lending Rate to encourage new investment.

Eagle Star staff in move to join bank union

BY OUR LABOUR STAFF

INTER-UNION rivalry in the insurance sector is likely to increase after a decision by the national council of the staff asociation of the Eagle Star insurance company to recommend its mebers to vote for a merger with the Banking, Insurance and Finance Union.

BIFU has been in contention for membership in insurance with the Association of Scientific, Technical and Managerial Staffs, which itself made a merger approach to the Eagle Star Staff Asociation. The association decided not to take it up.

ASTMS has a number of members in Eagle Star. Mr. Leif Mills, BIFU general secretary, put the total at no more than a handful.

If the merger is approved in a secret ballot, probably in mid-January, BIFU would gain the association's 6,000 members out of the company's 7,000 staff, and sole bargaining rights.

Mr. Mills said yesterday that this would bring BIFU's insurance membership up to about 20,000, which he claimed was in line with that of ASTMS in the sector, though ASTMS claims considerably more.

The staff association would form a distinct group within BIFU. Mr. Graham Gosling, general secretary, would become a national officer with responsibility for the group.

Mr. Mills wrote yesterday to Mr. Len Murray, TUC general secretary, after the association's decision on Wednesday, to inform him of the proposed merger, and to Mr. Clive Jenkins, ASTMS general secretary. The Certification Officer will scrutinise it.

Capital Radio strike ends

SETTLEMENT has been reached in the seven-week Association of Cine and Television Technicians strike at Capital Radio, the independent radio station. It was agreed yesterday to resume normal working on Monday.

The strike involved some 70 employees, including engineers and programme staff. The station remained on the air.

Capital and ACTT said in a joint statement: "We are all very glad that this unhappy affair is over. We have agreed on a package deal incorporating Capital's original offer of a wage rise and additional changes in terms and conditions to give greater job satisfaction."

THE BIGGER YOU GROW THE MORE LIKELY IT IS TO HAPPEN.

The trouble with running a successful company is that the bigger it grows the bigger the problems get and, generally, the more numerous they get, too.

The result is that a lot of small businessmen who previously were quite clear-headed seem to have their heads in the clouds when they become bigger businessmen with bigger problems.

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Energy Review: Israel

By Maurice Samuelson

U.S. guarantees provide a safety net

FEW COUNTRIES' energy supplies have been as precarious or as cloaked in secrecy as Israel's. But the war between Iraq and Iran finds its difficulties in obtaining oil less dramatic than at any time since 1948.

Israel has never bought oil from Iraq, while Iran, once its main supplier, has become one of its most vocal opponents. But it now has reliable alternative suppliers—Mexico and Egypt. Even if the Gulf war involved other leading Arab producers, it would only affect Israel's economy to the extent that it altered world prices.

The security of Israel's supplies looks even more impressive following an agreement made last Friday under which the U.S. will guarantee them for another 15 years. As Iraqi shells were falling at Abadan, site of one of the world's biggest refineries, Mr. Edmund Muskie, the U.S. Secretary of State, signed a document formalising a pledge by President Carter to insure Israel against losses of oil resulting from her evacuation of the Egyptian oilfields in Sinai and the Gulf of Suez following the Camp David agreement. Under it, the U.S. would supply oil to Israel from her own reserves.

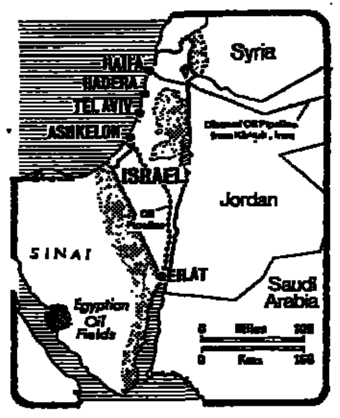
Carter's presence 'puzzling'

The agreement runs initially for five years, and is then subject to review every three years if requested by either party. It is not entirely unprecedented. In 1975, in the aftermath of the Yom Kippur war, Israel gave up the Abu Rodeis oilfields in exchange for a five-year American agreement, which did not, however, have to be enforced.

The present agreement is more far-reaching. It is the *quid pro quo* for relinquishing the Gulf of Suez oilfields which, unlike those at Abu Rodeis, Israel discovered as well as developed.

President Carter, for evident electoral reasons, also attended the signing of what was strictly a technical footnote to last year's peace treaties. Mr. Yitzhak Modai, Israel's Energy Minister, who signed for his country, admitted in London this week that President Carter's presence was "puzzling."

He described the document as most significant, since no other oil importing country had a long-term guarantee of its oil supplies. He denied that the negotiations of the past 15 months had been mere formalities. The Americans had originally asked that there should not be too much precision about the trigger mechanisms for emergency oil supplies to Israel. In the end, though, the Israelis had their way and the



mechanism is, as Mr. Modai puts it, "completely automatic."

But Israel's underlying vulnerability has not really changed. According to Mr. Modai, only 10 per cent of the world's oilfields are accessible for Israel. At most, therefore, the guarantee provides a prolonged breathing space, during which Israel will have to reduce its dependence on oil. Steps have already been taken to switch to coal, to develop solar power, to intensify oil exploration at home and to examine a major hydro-electric power source.

Israel now imports 98 per cent of its annual demand for oil of about 8m tonnes. Yet less than two years ago, it faced the prospect of self-sufficiency after discovering new reserves in the Gulf of Suez. It was snatched away by President Sadat's dramatic and unrefusable peace offer. Shortly after giving up these oilfields, Israel, like the rest of the world, felt the effect of the Iranian Revolution and the new surge in oil prices. By the middle of this year, according to Mr. Arnon Gafny, governor of the Bank of Israel, OPEC's price rises were having the effect of an 8 per cent tax on Israel's real national income.

OPEC countries were not alone in refusing to supply Israel. Secondary producers, including Britain, were reluctant to sell it oil, even through indirect channels.

Britain reluctant to supply Israel

It was no consolation, either, that having severed all ties with Israel, Iran was also inflicting damage on itself. Besides the 2½m tonnes which it was selling to Israel, a lot more Iranian oil was being sent to Europe through the 42-inch pipeline linking the Red Sea port of Eilat with Ashkelon on the Mediterranean. The pipeline was, and presumably still is, owned jointly by the two countries. It was built after the Six Day War of 1967 as an alternative to the Suez Canal, which was then blocked. It now carries Israel's Egypt-supplied oil from Eilat via Ashkelon to a refinery at the port of Ashdod.

Another pipeline runs through Israel. It links Kirkuk, in Iraq, with Haifa, Israel's biggest port. Built nearly 50 years ago, the Iraqis stopped using it in 1948, although in today's circumstances Iraq could have made valuable use of it.

Whatever their own regrets about the loss of Iranian oil, the Israelis appear more than pleased with the 2m tonnes a year bought from Egypt since summer 1979 and the 2½m tonnes which she has been buying from Mexico since 1977.

Egyptian oil is dearer than the official OPEC member price for light crude but has several attractions for Israel. In the absence of other substantial commercial links with Egypt, it strengthens the peace agreement, is close to Israel's borders, provides valuable trade for Eilat, and Israel's refineries are already used to handling it.

Israel is also buying about 3½m tonnes a year on the spot market and before the Iran-Iraq war claims that distress cargoes could be had at less than OPEC prices.

Although the Egyptian and Mexican supplies currently look secure, the American guarantee means that if either of them were suspended for 90 days, the U.S. would make up Israel's shortfall. The U.S. will also act if Israel is forced on to the spot market for 60 per cent of her oil (she is presently buying 45 per cent there) and if the spot prices exceed those paid by the U.S. for the dearest 20 per cent of its own oil imports.

The agreement binds future U.S. administrations as it is not subject to Congressional review. It will apply if Israel acquires new "main suppliers," which are defined as those providing at least 22 per cent of her needs. Israel is constantly on the look out for new sources, and has not lost hope of buying North Sea oil from Britain.

The guarantee does not shield Israel from rising world prices, which are fuelling its three-figure inflation rate. Petrol prices in Israel have risen to the level of West Germany's. Electricity prices, too, are constantly rising.

All this is spurring Israel's determined switch to coal, both for electricity generation and for industry. By 1990, Israel plans to be importing 10m tonnes of coal a year, of which 7m will be for two new power stations on the Mediterranean coast. The first, at Hadera between Haifa and Tel Aviv, will consume 3½m tonnes a year, which have already been ordered from Australia, South Africa and the U.S. The first of its four 350MW sets will be commissioned at the end of next year, and the other three by the middle of the decade.

Switch to coal now under way

A second coal power station of the same capacity is to be built at Kibbutz Zikim, near Ashkelon, at the southern end of the Mediterranean coast-line. It has been approved by the Knesset and is expected to be partly financed in the U.S., where some of the plant is to be built. There are also plans to convert the big "Reading" power station in Tel Aviv from oil to coal, and Nesher, the big Israeli cement manufacturer, wants to convert two of its three plants. All these conversion schemes will raise fears of pollution.

A less contentious alternative to coal-fired power stations is the revived plan for a 600 MW hydro-electric power station on the cliffs overlooking the Dead Sea. The water would be brought by a canal from the Mediterranean. As well as providing cheap power, it would raise the Dead Sea's dangerously depleted water level.

The £297m scheme, dreamt of since the start of the century, would also affect Jordan which, like Israel, exploits Dead Sea potash. Although the Jordanian Government has raised political objections, her Arab Potash Company admits that it would be beneficial to both countries' chemical industries.

The Dead Sea is also one of the most promising sites in Israel's renewed bid to find oil on its own territory. The area is littered with asphalt, and western oil experts say this should encourage more exploration. The Mediterranean coastline and the Southern Negev are also receiving attention. This year Israel is to drill at more than 20 exploration sites, compared with only six new holes annually in recent years.

"If the experts are right, with our own efforts and God's help, we shall find oil," Mr. Modai says. But for the next 15 years, Israel is putting its trust not only in Providence but also in the guarantees of the U.S.

Mr. Yitzhak Modai.

BOND DRAWINGS

NOTICE OF DRAWING OF BONDS

URUGUAY 3½ PER CENT. CONSOLIDATED LOAN 1891

NOTICE IS HEREBY GIVEN that at a Drawing on the 9th October, 1980, at Williams & Glyn's Bank Limited, 67 Lombard Street, London E.C.3, the following URUGUAY 3½% BONDS OF 1891 were drawn for repayment at par on the 1st November, 1980, at which date interest thereon will cease.

Bonds of £1,000 each

156	176	306	383	408	502	515	621	686	833	834	840	853	856	858	986
1039	1063	1093	1135	1215	1316	1339	1665	1676	1686	1857	1891	1921	1925	1998	2214
2237	2248	2250	2272	2304	2650	2734	2984	3015	3158	3259	3290	3327	3331	3455	3509
3651	3718	3729													

51 Bonds of £1,000 each amounting to £51,000

Bonds of £500 each

3937	3983	4203	4236	4278	4279	4403	4423	4433	4613	4632	4678	4696	4702	4731	4800
4949	4978	4982	5063	5374	5433	5607	5628	5737	5741	5771	5787	6108	6187	6203	6232
6390	6419	6477	6620	6631	6674	6739	6852	6885	6968	6997	7013	7090	7180	7591	7596
7605	7637	7988	7991	8065	8187	8194	8244	8290	8340	8352	8447	8468	8498	8500	8625
8628	8647	8788	8845	9106	9159	9188	9389	9498	9499	9519	9547	9605	9607	9616	9623
9642	9650	9694	9761	9780	9875	10082	10188	10281	10285	10362	10383	10677	10695	10740	10767
10776	11091	11112	11208	11216	11298	11299	11584	11650	11750	11861	11971	12026	12029	12182	12202
12570	12609	12638	12673	12980	13007	13014	13131	13232	13235	13304	13313	13321	13370	13386	13422
13500	13536	13762	13784	13870	13961	13977	14061	14105	14109	14186	14188	14310	14316	14351	14601
14902	15017	15185	15498	15554	15642	15650	15718	15969	15970	15988	16044	16063	16114	16206	16275
16304	16373	16443	16449												

164 Bonds of £500 each amounting to £82,000

Bonds of £100 each

16649	16650	16838	16871	16877	16930	16942	16957	17085	17091	17106	17114	17125	17148	17152	17445
17446	17464	17496	17503	17517	17728	17786	17850	17887	17888	17982	18010	18011	18015	18060	18069
18090	18153	18177	18187	18393	19240	19248	19254	19275	19276	19310	19341	19355	19373	19391	19394
19408	19442	19459	19460	19488	19489	20040	20041	20053	20063	20238	20242	20244	20264	20598	20599
20601	20614	20627	20734	20761	20770	20777	20780	20781	20791	20805	20806	20923	20924	20970	20996
21002	21090	21106	21120	21273	21448	21456	21457	21463	21502	21664	21665	21668	22099	22112	22143
	22144	22155	22196	22198	22199	22258	22267	22268	22273	22383	22421	22422	22428	22432	22469
22477	22689	22690	23258	23261	23269	23270	23271	23272	23274	23364	23392	23416	23434	23443	23458
23486	23487	23501	23503	23510	23518	23948	23972	23991	24018	24027	24067	24071	24117	24119	24222
24223	24224	24226	24234	24892	24907	24921	25016	25037	25750	25756	25769	25772	25794	25807	25818
25821	25822	25872	25873	25877	25882	25883	25903	25916	25921	25924	25977	27020	27083	27086	27107
27135	27136	27140	27141	27143	27145	27146	27147	27161	27170	27188	27305	27311	27329	27655	27659
27692	27697	27702	27730	27731	27742	27743	28196	28201	28202	28209	28218	28222	28288	28362	28363
28365	28367	28406	28423	28425	28446	28447	28449	28456	28850	29001	29002	29052	29067	29134	29155
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
117756	117787	117800													

1,614 Bonds of £100 each amounting to £161,400

Bonds of £20 each

118002	118009	118012	118114	118153	118154	118160	118247	118250	118279	118284	118297	118378	118382	118384	118392
118396	118399	118473	118474	118902	118903	118909	118912	118951	118954	118957	118973	118976	119030	119041	119197
119213	119216	119278	119288	119496	119498	119505	119506	119842	119844	119857	119881	119883	119885	119970	119973
119997	120008	120209	120269	120274	120338	120342	120598	120613	120614	120615	120616	120617	120634	120638	120641
120655	121085	121136	121145	121146	121230	121231	121244	121245	121251	121310	121311	121312	121348	121488	121493
121522	121642	121886	121888	121889	121897	121906	121944	121990	122077	122082	122193	122194	122205	122219	122247
122254	122257	122292	122302	122308	122323	122459	122477	122482	122488	122500	122503	122505	122506	122507	122519
122548	122551	122554	122619	122760	122764	122765	122778	122788	122803	122866	122941	122942	122948	122955	122958
122961	123212	123223	123231	123238	123241	123276	123372	123414	123415	123427	123438	123440	123444	123451	123461
123470	123483	123741	123761	123762	123780	123797	123910	123938	124172	124351	124353	124356	124358	124427	124441
124583	124820	124828	124829	124832	124855	124866	124869	124876	124885	124911	124925	124933	124944	124983	124998
125003	125010	125055	125063	125271	125272	125273	125282	125287	125368	125378	125684	125687	125740	125935	125968
126200	126204	126208	126213	126219	126228	126399	126495	126510	126519	126543	126560	126561	126573	126589	126592
126602	126603	126614	126615	126635	126655	126660	126674	126886	126901	126975	126980	127170	127216	127218	127220
127224	127243	127246	127312	127357	127364	127385	127388	127434	127478	127481	127744	127820	127892	127896	127927
127938	128145	128152	128153	128381	128385	128439	128600	128610	128638	128639	128673	128684	128726	128731	128738
128743	128753	128814	128824	128847	129000	129249	129284	129296	129411	129423	129425	129428	129430	129441	129442
129451	129454	129455	129487	129521	129528	129534	129770								

280 Bonds of £20 each amounting to £5,600

2,109 Bonds drawn amounting to £300,000

DRAWN BONDS with coupon 356 due 1st February, 1981, and subsequent attached should be presented for payment at Williams & Glyn's Bank Limited, 5-10 Great Tower Street, London EC3R 5DH, and left three clear days for examination.

DRAWING OF BONDS

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London EC4N 5AX

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● CONSTRUCTION

Based on film

AN UNUSUAL component already incorporated in a building system for houses in Dubai and Bahrein is helping to save 80 per cent of a heating bill for a Georgian-style house in Buckinghamshire.

British businessman and former engineer, Derek Linton, introduced the system to properties he built in the Gulf with the intention of keeping out the sun's heat and reducing air conditioning costs.

At his new home in Frieth Road, Marlow, the ingredient created a roof tile underlay, a damp proof membrane and a substrate for insulated wall formation. It is called Valéron and is described as an immensely strong cross laminate of high density polyethylene that can be pulled drum-tight to a required configuration, is resistant to puncturing and deformation under load, yet is very easy to handle.

Linton specified Valéron film as an essential part of the design for the English house which he built in 16 weeks flat with a foreman, joiner and three unskilled labourers.

Basically, the house is erected from blind-riveted steel sections on a concrete plinth. During construction, Valéron was used to give complete protection from a skittish climate, then formed the damp proof course, assisted in wall formation and continued up and over the rafters as roof tile underlay in place of more conventional materials.

In the Linton system, fire-retardant insulation foam was sprayed into the cavities formed by the Valéron film-backed steel framework of the walls which did not bulge or distort. The film bonds mechanically with the foam due to surface treatment of the film so that the resultant walls are totally impervious to water. On the exterior, the house is brick-faced.

First principle in the thin house construction is the provision of a concrete raft hollowed out into a shallow basin and covered with the film to provide a clean working floor.

The film is then wrapped drum-tight (double-sided tape on each upright) around the whole of the ground and first floor elevations.

Door and window apertures are next cut out and taped back. The wall cavities are subsequently foam filled. All that is then needed, says Linton, is a single course of bricks around the exterior to give the illusion of a traditional house.

Roof trusses (tailor-made by a contractor) are covered with the film which allows in light for the roof workers while also protecting them from the weather and then acts as an underlay for the roofing tiles.

In order to form a layer of under floor insulation, the concrete raft's depression is also sprayed with foam which is levelled off with a small garden rotary hover mower.

The heating bills for Linton's home—a two-storey, ten-roomed residence—could be about £200 a month, but Linton says his house-heating bill is only nudging about £40 a month. He claims that by his foam and Valeron film envelope method he has a house insulated to a U value of .018.

Valeron film is already widely used here and on the Continent as a high performance but lightweight material for industrial sacking, carpet and furniture wrapping, and in the transport and shipping business for container lining and inflatable dunnage bags (which are stowed under or among cargo to prevent moisture and chafing).

It is 130 microns thick, conforms to BS 5534 for roof tile underlay, and is available from Van Leer (UK), Van Leer House, West Byfleet, Surrey (Byfleet 41161).

DEBORAH FICKERING

Ferranti integrates design and production

BY ALAN CANE

FERRANTI IS making it in Livingston—and if its ambitions are fulfilled it should be helping a significant number of mechanical engineering companies to make it as well.

Ferranti is, of course, a large company with diverse interests, even if 70 per cent of its activities are directed towards defence applications, but the interest at Livingston, the new town on the outskirts of Edinburgh, is Ferranti Cetec graphics, one of the high technology horses on which Ferranti is staking its future.

Cetec specialises in two of the most important applications of information technology to manufacturing industry — computer aided design (CAD) and computer aided manufacture (CAM).

The significance of these topics is illustrated by the time and effort the Government's principal source of advice on technology, the Advisory Council on Applied Research and Development (ACARD), spent on a report published earlier this year, in which it warned that British companies were lagging behind their overseas competitors in the use of these techniques.

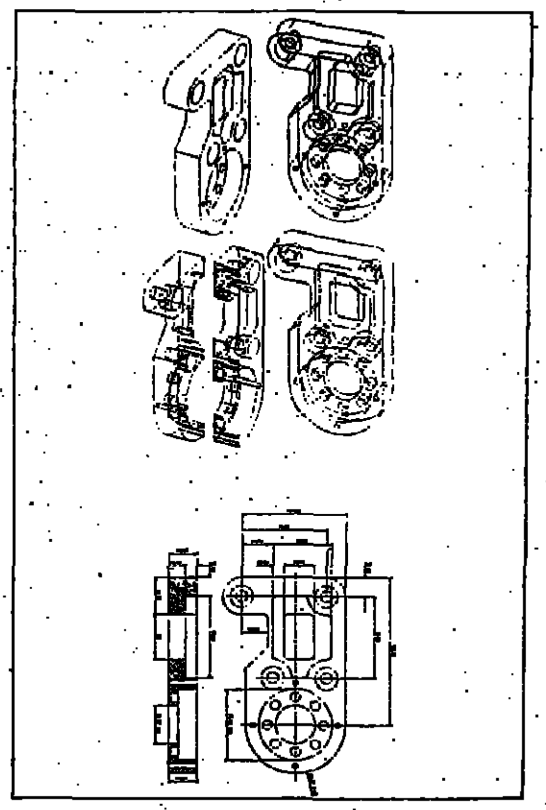
Now Ferranti claims a world lead, not in the techniques themselves, which are well known and offered by a variety of companies, but in the all-important integration of computer-aided design and computer-aided manufacture.

According to Mr. J. G. (Gus) Scott, manager of Ferranti Setec: "We believe we have a lead in the provision of turnkey CAD/CAM systems for mechanical engineering, because we have integrated design, database, 3-D modeller and production control into one system."

The system is called CAM-X and it costs in the region of £250,000-£300,000.

The first two commercially produced systems are already in field trials at Dowty Rotol, which makes aviation components and Fletcher, Sutcliffe and Wilde, a subsidiary of the Booker McConnel group.

For the money, in addition to to the slick software which makes the system work, Cetec provides an extremely powerful minicomputer—the Digital Equipment VAX 11/780, and work stations. The work stations typically comprise a plotting table, visual display unit and alpha-numeric display—and a plotting stylus.



Conventional part drawing, left, with examples of 3-D views provided by CAM-X. Finished part, right.

The market for such systems is considerable. According to a recent report from the Securities Research Division of report singles out that area for greatest growth ahead of electronics, civil engineering and mapping.

Some indication of the task ahead of Cetec is given by Merrill Lynch's survey of the top U.S. CAD/CAM companies. Top was Computervision, followed —but we were selling into a market which had yet to grow up."

The Cetec system contains a very powerful 3-D modeller, a computer program suite called Romulus—which enables the designer to view his or her creation from all angles. It creates

Overall growth in CAD/CAM in 1980 will be 65 per cent . . . that means a market valued at US$500m now rising to US$2.2bn by 1984

Merrill Lynch Pierce Fenner and Smith, the overall CAD/CAM growth in 1980 will be 65 per cent, compared to earlier expectations of only (sic) 40 per cent.

In money terms that means a market valued at U.S.$ 500m in 1980 rising to U.S.$ 2.2bn by 1984.

Significantly for Ferranti Cetec, which emphasises its commitment to mechanical engineering, the Merrill Lynch by Calma with Applicon in third place and the mighty IBM in fourth. Other companies included Autotrol, M and S and Gerber.

The Ferranti initiative has been a long time in gestation. Gus Scott says ruefully: "Perhaps we spent too much too soon" and Mr. Donald McCallum General Manager of Ferranti's Scottish Group points out: "We have pushed ahead as far as anybody in the draughting office a true "solid" model rather than a wire frame representation. Ferranti emphasises that the procedures the draughtsman goes through to create the drawings using the digitising plotting table are very similar to those using paper and pencil —there is no culture shocks, it claims.

An important part of the system is the records management module which holds all the technical information about the part being drawn — and essential management information as well.

When the part goes into production, the part description can be recalled from the records management module for process planning and — and this is where the integration of CAD and CAM is accomplished —numerical control of the manufacturing tools.

The techniques Ferranti has developed for CAD and CAM have applications to other areas. Cetec, for example, is becoming a force in cartography and land use system. The product is called Clumis (Cadastral and Land Use Mapping and Information System)

The Ferranti Cetec ambition is to be the primary company supplying CAD/CAM integrated systems in the UK and, as Mr. Scott says, in mechanical engineering systems in Europe. There the competition includes Schlumberger through a company called MDSL, Konisberg in Scandinavia, Matra-Datavision in France and Siemens in Germany.

The Acard report noted a lack of overall direction in the UK's research and development in CAD/CAM despite the sterling efforts of organisations like the Computer Aided Design Centre at Cambridge. It remains to be seen if Ferranti and CAM-X can redress the balance.

Wraps it tightly

A STRETCH wrapper has been designed with simple programmable controls for operators with no special skill, says Timperley Engineering, Park Road, Timperley, Altrincham, Cheshire.

The Rotarap L 1500 also eliminates the range of options which are available with other Rotawrap wrappers except for the automatic height sensor, and, says the company, consequently provides a very competitively priced machine to suit the requirements of a wide sector of industry.

New profile machine applies a spiral wrap programme only and its controls are confined to start-stop, tension, variable carriage and base and top wrap adjustment.

● METALWORKING

Puts on the pressure

ONE OF the latest cold isostatic presses to be produced by Flexaulic (N.W.) is to be used for the manufacture of stainless steel water filters by Accumatic Engineering.

Isostatic pressing is achieved by placing a flexible mould containing powdered material into a large pressure chamber and subjecting the chamber to pressures from 10,000 to 20,000 psi. Application of three dimensional pressure produces high dimensional accuracy and uniform density of the product.

Moulds up to 140 mm diameter and 330 mm long can be accommodated in the chamber of the new press. When the chamber is loaded an electro/hydraulic system is initiated and this automatically lowers, seals and locks the top plug, pressurises the chamber up to 20,000 psi, stops the pump and holds pressure.

When pressure is relieved, an automatic procedure unlocks the assembly, and raises the plug which, when clear of the chamber, swings through 60 degrees to allow access for removal of the mould. The sequence from loading to full pressure takes one minute.

Safety interlocks are fitted to isolate the handling system when the chamber is pressurised and an electrical cut-out, hydraulic relief valve and bursting disc is fitted to protect the system. The whole assembly is contained in a small desk-type enclosure

The company says it is able to supply pressurising equipment for many types of press and for connection to existing chambers. Full details can be obtained from Flexaulic at The Industrial Estate, Wrexham, Clwyd, North Wales LL13 9PN (Wrexham 61513).

● MATERIALS

Sideways approach to decoration

PAPERHANGING is an art that does not come easily to everyone but the French have come up with a wallcovering that is applied sideways and can be tailored round a corner, a curved window and electric plug sockets, etc.

Beauty of the method is that there is no need for cutting as the material can be fashioned into place over relief features and then slit for necessary apertures.

A trial at Turner Wallcoverings' international showroom in London demonstrated that it took only 24 minutes to cover a right-angle wall area 1.75 metres high by 4.8 metres long, including fitting over a chapel-type window, electric sockets and a light switch panel.

The foam-bonded textile product is called Lesura, made by Lesura Prouvost-Masurel SA, of Cambrai, and is marketed in the UK by Turner Wallcoverings, 32 Grosvenor Street, London, W.1 (01-491 7056).

The company says that even an untrained man can expect to apply between 80 and 100 square metres of the material in one working day.

The decorator needs to stand the roll of Lesura on end vertically against a wall and unwind it for the adhesion process about one and a half metres at a time, working usually from left to right.

A neoprene-based glue is applied only to the top, bottom and sides of the walls—not over the whole area—and one litre of adhesive is said to be sufficient for 10 linear metres of the wallcovering.

Walls need no special preparation, although they must be free of damp and cracks through which air could pass. Newly plastered walls should have the top and bottom 10 cms sized with diluted glue.

The perimeter of the room is measured to establish the required length, adding 30 to 50 cms for safety, says the company.

Material that is sufficient to cover one area is then unrolled and the glue applied to the top of the wall area in a band about 5 cms wide. The first one and a half metres of the covering is then pressed on to the glue so that the edge is parallel with the ceiling and the material lies flat to the wall. The glue sets in about three to four minutes.

Before turning into the next area, another band of glue is applied from the top to the bottom of the left edge of the Lesura itself—then to the right edge, and finally across the floor edge. Enough vertical tension is then applied to the wallcovering to pull it taut, but no horizontal tension is called for.

At this stage, says the maker, it is now usually possible to proceed immediately with the next wall area without cutting being involved—a large spatula is used instead to achieve perfect adhesion, right into the corner.

Apart from its speed of application the material is said to have heat insulation characteristics similar to those of a quilted covering.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Major changes ahead for American real estate market

THE GROWING ranks of foreign investors in U.S. property — probably still the most undervalued real estate in the world — can expect the going to get progressively toughter from now on.

That must be the central conclusion to emerge from a four-day seminar for real estate specialists gathered last week on Miami Beach to soak up the Florida sunshine and a batch of predictions about prospects for American property over the next decade.

Clear-cut conclusions were clearly hard to reach for many delegates, who had listened first to the likes of ex-President Ford warning about the "litany of serious problems" confronting the U.S. economy before being whisked up the coast to locations like Boca Raton to view the latest line in $2m waterfront homes.

But if there was a great deal of uncertainty about the shorter-term economic prospects for the U.S. (with as many theories about the recession as there were blue-rinse ladies in the bar of the Fontainebleau Hilton) where was a confidence in the longer-term and a general concensus about the future for property.

In the words of one speaker — a view subsequently expressed by many delegates — the U.S. real estate market is heading not for change or evolution but for a revolution.

For existing or potential investors from abroad — an estimated $10m a day of foreign money is now going directly into American property — the changes will prove significant and could herald the end of a fairly short-lived period in which they often felt they were one step ahead of the locals.

The most fundamental change, already well underway, is the growing awareness by the U.S. institutions of the benefits of property investment in an inflationary economy and their resulting quickstep into the market.

In a repeat of the pattern now established in the UK, the pension funds look destined to become predominant in the property investment—and possibly development—fields. Their entry into the arena will, according to another Miami speaker, bring "seismic" results.

At present, the funds are thought to control around $600bn-$700bn, with around $6bn accounted for by equity interests in property. By 1995, however, assets are expected to have rocketed to around $3,000bn and up to 10 per cent of that could be finding its way into property investment. While in the early stages, a great deal of activity may be mortgage financed, a switch to equity financing looks likely.

As if that sort of competition was not enough, the pension funds (and the insurance companies?) are likely to be joined by the securities industry—already making inroads into the property sector—and the syndication industry which is now raising $30bn a year and rising.

There are fears that the rapid and large-scale intervention of such huge volumes of capital in the property sector from institutions chasing inflation protection could easily distort the real estate sector, leading to over-development, low-quality properties and weakening capital values. Whether or not such fears prove correct, there seems little doubt that, for the foreign investor looking for real estate opportunities, the pace of competition is set to warm up.

Many American property men believe that the foreign investor will be forced more and more into joint venture arrangements as they try to get a share of the action, an approach most of them try to avoid but one which might be necessary in order to take on the combined might of the U.S. capital market.

Confident

Paul Speicher, new president of MEPC in the U.S., confessed that his group had vowed not to seek joint venture work but it looked as though his first deal—involving a bank intending to take space in the scheme —would be done on precisely that basis. MEPC now has a U.S. property portfolio in the order of $115m, which it plans to double in the next three years whilst shifting 60-70 per cent of its available assets into developments as opposed to standing acquisitions.

Others like Wendy Luscombe, overseas property manager for the Coal Board's CIN Properties, felt confident enough to predict that their list of sixteen or seventeen current joint ventures—largely a legacy of their Continental Illinois takeover—would be worked out, leaving them on their own to pursue the main objective, to expand steadily and independently via the acquisition of completed, prime properties.

The movement towards greater use of joint ventures is seen as a response to the financing difficulties now confronting the developers. Long-term, fixed rate debt at low interest rates has most likely gone forever and permanent lenders now require either call provisions after five to ten years which allow them to renegotiate interest rates, indexation of interest or a share of cash flow and capital appreciation. In essence, they are seeking to become partners with a developer without assuming a partner's share of the development risks.

The British still lead the field in terms of non-U.S. real estate investment in the U.S. and the Coal Board pension funds remain in the front rank. They now have a U.S. portfolio of around $360m and the largest "in house" American management team of any of their counterparts.

Like so many others, the Coal Board funds have been attracted by the lure of property packages simply not available in the UK and by traditionally attractive yields (though these are presently looking somewhat untraditional and hard to justify). But Wendy Luscombe paused to put the whole concept of the "British real estate invasion" into perspective by pointing out that there are only about ten UK pension funds who have, or are likely, to invest in U.S. real estate. Of these, only about half a dozen could claim to be active at the moment.

Active or not, there is another major element to the widely predicted property revolution in the United States which will ultimately involve significant repercussions for foreign investors, particularly pension funds which are exempt from tax in the UK and want to bring as much of their overseas earnings as possible back home.

Treaties

A major magnet for overseas investors has been the ability to effectively derive a cash flow from property on a tax shelter basis and to dispose of real estate tax free, provided they are not working via a joint venture with a U.S. partner.

A range of tax treaties involving such exotic locations as the Netherlands Antilles and the British Virgin Islands have helped keep tax payments to a minimum and a variety of alternatives exist to reduce or remove tax liability, including the isolation of capital gains arising out of a property sale from the rest of a business and the repatriation of the cash tax-free, to swapping property in the U.S. for property elsewhere.

After much huffing and puffing by the House of Representatives and the Senate, moves to impose a capital gains tax on foreign property investors are now with a conference committee and likely to reach fruition after the Presidential election.

In 1978, a Revenue Act suggested that Congress should study the question of the tax status of foreign investors in real estate and the end conclusion seems to be that they have been too well treated for too long.

If legislation is introduced (few people in Congress apparently understand it as it now stands) then it is possible that a flat charge—likely to be 28 per cent—will be levied on foreign companies disposing of property holdings. To be taxed, however, at least half of the company's assets (excluding liquid assets) in the U.S. would have to be in the form of real estate.

In addition to imposing a basic tax, the law will also include a withholding requirement under which the purchaser of a property will be required to retain the tax due on any deal. The withholding scheme will also be deemed to apply to any other parties involved—such as lawyers or agents—who could be held liable if they fail to inform the purchaser that he must withhold the necessary tax.

The new legislation could present some investors with a substantial tax burden and there is a suggestion that the law will also be retrospective.

Gary Barth of Jones Lang Wootton's U.S. operation, told the conference — organised by the National Association of Corporate Real Estate Executives— that, law or not, his firm was already feeling the effects of the intended legislation and clients were now being asked for withholding money. According to Mr. Barth, JLW does expect the proposals to become law.

The Americans have an understandable suspicion of the "low profile" approach adopted by many foreign buyers as well as his wish to act alone and most would certainly be happier in the knowledge that overseas competitors were at least being treated on a comparable tax status.

It nevertheless seems unlikely that too many existing or possible UK investors will be deterred by the changing climate. They still face the same restrictive problems at home while the size and diversity of the U.S. market, together with its potential for creating developments, preserving capital and (hopefully) maximising yields should continue to ensure that for some the U.S. property investment scene becomes increasingly important.

IN BRIEF

THE NATIONAL Westminster Bank has assigned two leases covering more than 33,000 sq ft of office space in the Commercial Union Building, Undershaft, City. The space was left vacant following the bank's move earlier this year to the new Bishopsgate Tower and new tenants were found by Debenham Tewson and Chinnocks.

The Sanwa Bank, represented by Jones Lang Wootton, has acquired the seventh and eighth floors, totalling 22,150 sq ft, and the lease has 15 years to run. The rent passing is £300,000 exclusive and because of an upwards only rent review this December no premium was paid. At the same time, the Toronto Dominion Bank is expanding further in the CU building and taking 11,000 sq ft on the 11th floor.

● All the remaining space previously occupied by the P. & O. Group in the P. & O. Building, Leadenhall Street, EC3, has now been disposed of by George Trollope and Jones Lang Wootton. In the final transaction, the entire 9th and 10th floor accounting for 19,300 sq ft, together with storage and car parking, have been let to Nippon Yusen Kaisha at a rent thought to be in the region of £420,000 a year. The joint agents previously let 16,270 sq ft to Standard Chartered Bank at a rent in the region of £300,000 a year.

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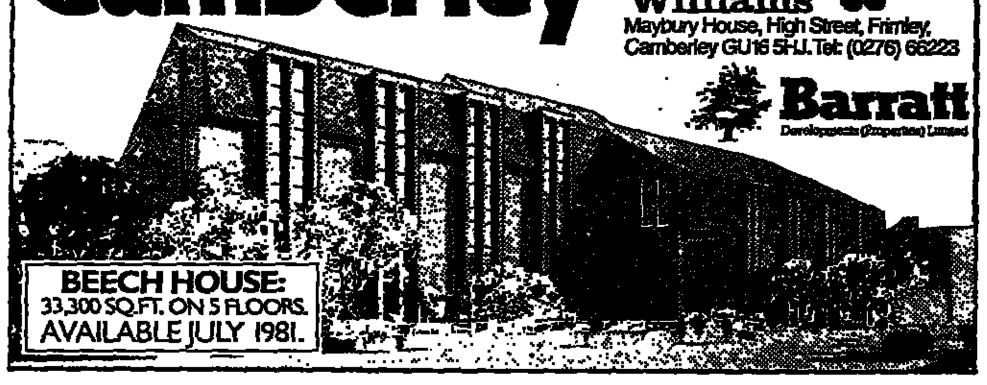

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A risky new stage in the appliance of science

Zanussi plans a dramatic expansion in TV and other 'brown goods' without losing ground in the 'white goods' market. Max Wilkinson reports

SIGNOR LAMBERTO MAZZA is refusing to act as baronial benefactor, though he has done so several times before.

Times have changed since the late 1960s, when, on its way to becoming Europe's largest maker of washing machines and refrigerators, his company, Zanussi, rescued a string of Italian domestic appliance manufacturers, notably Zoppas and Triplex.

This time the down-and-near-out is Indesit, an aggressive compatriot whose low-price policy has fallen foul of rising costs and stiffer competition. For several months Zanussi has rebuffed widespread pressure to absorb Indesit, though it could still be involved in a rescue consortium.

The reason that Zanussi prefers to stand aside from its rival's problems (described by Jason Crisp on this page on October 22) are easy to see: Zanussi is itself setting out on a path cragged with difficulties—though of a very different nature from the financial precipice which Indesit is striving to avoid.

Both companies have suffered from a growing pressure on *margins created by structural* over-capacity among European manufacturers of "white goods" (washing machines, fridges, etc). Combined with the current recession in consumer spending, estimates of the industry's overcapacity range from 15 to 30 per cent.

Both companies have also been hit by large losses from their new consumer electronics operations, particularly from the manufacture of colour televisions.

But while Indesit has reached the brink of bankruptcy, Zanussi has just experienced an improvement in fortunes, at least in the short-term. It reported an earnings increase of a third in the year to December 1979, from a low base to L17.9bn (£8.7m). Sales increased by 11 per cent to L666bn (£324m). Earlier this month the group obtained a L22bn standby loan from a consortium of Italian banks to help finance its major investment plan of L200bn during the next five years.

This investment plan is part of an important new phase in Zanussi's evolution as it tries to move into a new, difficult and relatively unfamiliar line of business—consumer electronics.

Mazza says that in the next 10 years, he wants to reduce the group's dependence on white goods from the present 73 per cent of sales to only about 50 per cent. A large part of this diversification will be into electronics. Since the company intends to continue expansion of its white goods operations (for example by increasing sales of dishwashers), this plan implies an enormous investment in electronics.

David and Goliath

It is a task which must give executives a certain feeling of vertigo, even in a successful and tightly managed company like Zanussi. For the group must adapt rapidly from its habit of dominance in white goods to being a David pitted against several Goliaths of electronics.

Zanussi has been forced into this new strategy for the familiar reason that the white goods market in Europe has run out of growth. Total sales of refrigerators, freezers, washing machines and dishwashers have for the last few years been fairly steady at around 20m units a year.

Although new products like dishwashers and freezers have come onto the market, sales of refrigerators and washing machines have been flattening out as more and more households become equipped with them. Moreover, the market for refrigerators in particular is very vulnerable in a recession, because an old fridge can always be made to last a year or two more when cash is short. It was because of these factors in the early 1970s, after consolidating its position in the Italian white goods industry, that Zanussi started its first moves into consumer electronics. But it has been severely handicapped during the decade by the Italian Government's indecision about which system of colour television to adopt.

Eventually, when the Government opted for the PAL system (used throughout Europe except in France), Zanussi was ready to supply the market. But so were the Japanese and German manufacturers, and they had the advantage of established reputations for reliability and quality, which, in this sector, Zanussi — and Indesit—inevitably lacked.

The result was a bonanza for importers, who last year took 70 per cent of the Italian television market. The trade deficit in this sector was L295bn (£144m).

Although the market for colour sets has reached a healthy 1.5m (and 1.2m for black and white), Italian manufacturers have therefore fared badly. Zanussi's total production of colour sets is only around 180,000 to 200,000 a year. The unhappy history of UK manufacturers such as GEC, Decca and Rank illustrates that this level of production is too small to be competitive with the much larger Japanese companies, whose output can be 1m or *more sets a year.*

Moreover, Zanussi does not, in this sector, reap the benefit of vertical integration, as it does in white goods. It is hardly exaggerating to say that Zanussi starts with iron ore, coke and copper wire to produce, at the other end of its factories, complete washing machines and refrigerators.

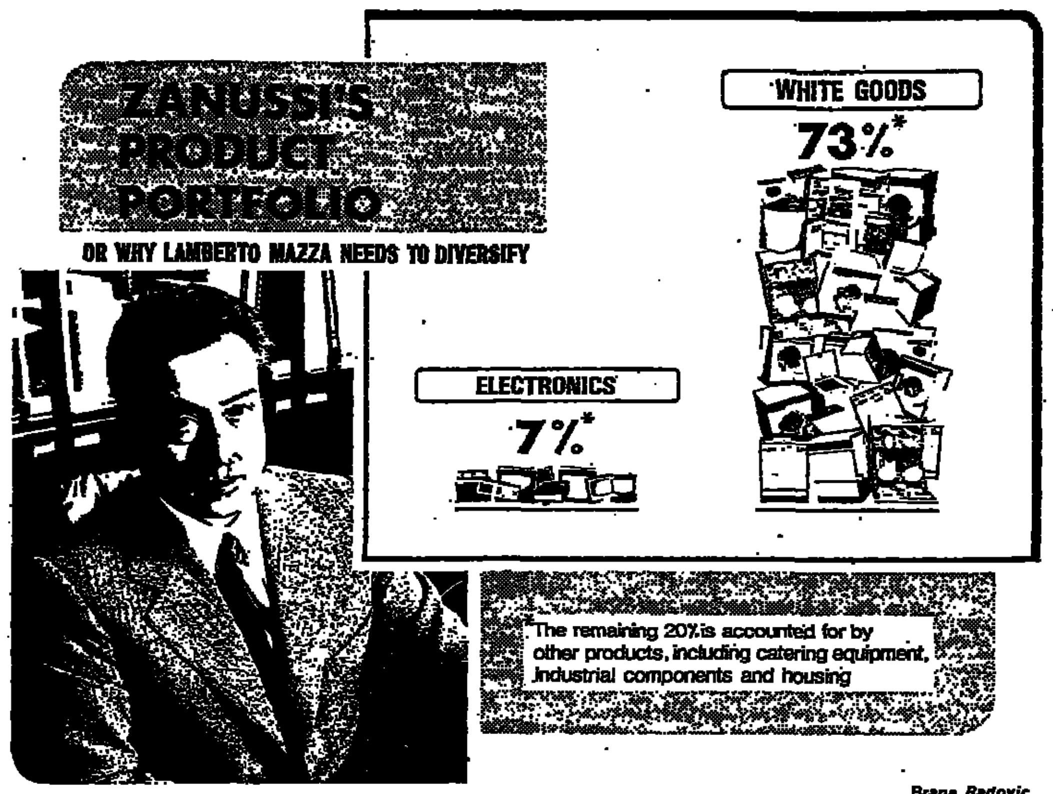
But in its television business, the group is obliged to buy in complete picture tubes and many other sophisticated components. The tubes alone can account for 25 per cent to 30 per cent of the value of an ordinary colour set.

So how can Zanussi hope to succeed in this new business where it lacks the most important advantages which have made it so successful in white goods: high volume, large market share and depth of integration?

The question causes Mazza's jaw to set a little firmer: "The only Italian company which can meet these problems is Zanussi," he says. "Consumer electronics is a growth area, therefore a major company cannot just walk away from it. We have got to make up lost ground."

But how? Zanussi is still at an interesting stage of indecision about its long term strategy. In June, 1979, the group decided to protect its flank by striking a co-operative deal with Hitachi, the Japanese manufacturer. The idea was that Hitachi would exchange its know-how in electronics for Zanussi's expertise in the manufacture of white goods. Mazza describes this as "a general framework agreement open to any detailed agreement," including, presumably, the possibility of a joint venture in television manufacture.

However, Mazza is also looking closely at two other possible strategies which may or may not be consistent with a deepening of the relationship with Hitachi.



Brana Radovic

On the one hand, he would like to see the development of a co-ordinated European approach to the electronics industry to form a common alliance against the Japanese. Just how this could work is still obscure, but certainly Zanussi has been negotiating with at least two of the major European companies involved in electronics.

Although these talks are still at a preliminary stage, it is not difficult to see the advantages of a tie-up with a company like Thomson of France, Thorn in the UK, or even AEG-Telefunken of Germany (though AEG sold a 20 per cent stake in Zanussi only three years ago).

The possibility of a link with Thorn is particularly intriguing. As the UK's leading manufacturer of televisions, Thorn is stronger in this sector than Zanussi, with more than twice its volume of production.

Conversely, the Italian company is stronger than Thorn in the manufacture of white goods. While Zanussi is pre-eminent at manufacture, Thorn is very good at retailing. Both are successful companies which have begun to feel lonely in the brown goods sector against the technical and marketing excellence of Japan. Furthermore, Zanussi has been considering whether to set up an assembly operation for white goods in the UK, partly to cut down on transport costs to northern Europe. It would be premature to speculate further, but the companies have been talking to each other in a general way about this idea.

Financial burden

The other direction in which Zanussi could form alliances is within Italy itself, where civil servants have for some time been discussing ways in which the electronics industries could be better co-ordinated against foreign competition. In any new grouping for consumer electronics, Zanussi would probably take the lead. One obvious possibility would be for Zanussi to take over Indesit's electronics operation, even though this would put a heavy financial and managerial burden on the group. This must surely have been considered during the summer, but neither company is prepared to give away any hints on the subject.

Meanwhile, the group has been spending a large amount of money in strengthening its brand image with the public. This represents a significant change of strategy and is an important part of its plans for both the white and brown goods sectors.

In marked contrast to other top companies in the white goods business, Philips, for example, Zanussi managed to become a leading producer while keeping its name relatively unknown. Its appliances are sold under a bewildering variety of brand names including Zoppas, Rex Becchi, Castor, Maryner, Selco and Stern. Zanussi also makes machines for most of the major European manufacturers who sell them under their own brand names.

In the UK, for example, Zanussi machines are retailed by Currys under its own label as well as by Hoover and, until fairly recently by Hotpoint. And in Germany AEG has done the same for many years.

Now, the group has realised that it is vulnerable to the cancellation of large contracts by its rivals, and it is making a major effort to establish a sales network under its own name, with advertising to stress its position in the middle to upper range of the market.

In the UK, the Zanussi brand now accounts for about 9 to 10 per cent of the total white goods market, although total sales including machines with other brand names represent about 15 per cent of the market. Zanussi aims to increase the share of its own brand to around 15 per cent, which is its total market share in Europe.

This effort to establish a solid European image is particularly important to a group which, hitherto behind-the-scenes, has laid considerably more emphasis on quality and durability than, for example, Indesit, which has concentrated on keen pricing for the lower end of the market.

It is one thing to persuade the public that Zanussi is biggest and best in washing machines and fridges, where it is a leader. It is quite another to achieve the same in electronics where it is, in market terms, still a laggard.

Farce on Black Wednesday

BY ANTHONY HARRIS

THE NEXT set of banking figures, if City rumours are to be believed, are going to impose a very severe strain on those who believe that these numbers mean something. As everyone knows, there was a good deal of turmoil on October 15, the monthly window-dressing day. The banks ran their computers and suddenly discovered that they were extremely short of reserves; they were prepared to bid almost anything to borrow enough—just overnight, mind you—to make up a decent display. It was, in short, round-tripping day.

Money for jam

Overnight rates, it will be remembered, went up to 150 per cent for a time. What that meant was that any corporate treasurer with an undrawn overdraft facility could earn his employers some £3,000 for every million involved simply by drawing the money on Wednesday morning, placing it in the money market, and repaying on Thursday. These are hard times, and any treasurer who failed to take advantage of this opportunity must have an unusually formidable bank manager or an unusually wet managing director. It wasn't money for jam, because you didn't even need the jam.

Insiders are having a merry time guessing how much was involved. Guesses range from a few hundred million to £2bn or more. All this will appear in due course in the money supply. Officials are no doubt already arranging urgent business out of town.

So much for the rumoured facts; the real comedy is in their meaning. The October money supply figures will explode because of the things that were done to keep it under control.

Consider first the Bank of England's well-known penchant for lending money on any security short of luncheon vouchers to prevent this kind of thing. This practice, so Mr. Gordon Pepper tells us, is responsible for the money explosion. Mrs. Thatcher, who appears to be a reader of this column, where the phrase originated, has taken to calling the Bank of England "the lender of first resort." That hasn't actually stopped the Bank of England, but they clearly under-egged it last make-up day.

The trouble was caused, however, in another part of the monetary forest. The Government Broker, apparently unaware of the difficulties of his friends in the Discount Office, inconsiderately sold some £200m of gilts for settlement just before make-up day.

Selling gilts, as we all know, is the main British way of controlling the money supply. No one else does it, but we have our little ways. The consequence this time was to strip the banks of reserves with a neatness which would have caused appreciative whistles in a congress of cat burglars. By doing those things which are supposed to reduce supply, and failing to do enough of what is supposed to increase it, the authorities managed to set off an explosion.

It is, of course, as illusory as a fireworks display (and as it happens you will read the figures in this newspaper on Guy Fawkes Day); but they are also likely to be as spectacular.

Is this pure entertainment, or has the drama an inner meaning? One suggestion we can dismiss—the scandalous suggestion from some of the lighter spirits that the Old Lady cooked the whole thing up to demonstrate just what happens when orders emanating from Downing Street are followed. It looks like muddle, not conspiracy.

Overdrafts

In a deeper sense, though, the episode illustrates more serious follies. The folly of basing national policy on a monthly set of window-dressed statistics; you might as well base a study of economic policy on annual photographs of the Chancellor in fancy dress. The folly of not counting overdraft facilities, which is what most of us use for spending, as money in the first place. The folly of relying on any single statistic. The folly of using this as an excuse to crucify industry. If you didn't laugh, you'd cry.

Maintaining a maritime tradition

BY ROBIN REEVES

IT IS more than 10 years since television viewers began being entertained by the *Onedin Line*. But in Bristol, one of the stars of the series, the SV Pascual Flores, a 128 ft schooner, has recently taken on a new role.

The ship has become the centrepiece of an imaginative new project which vividly illustrates how government job creation schemes are capable of being harnessed for more ambitious ends than the clearing of derelict canals and the repainting of village halls.

No longer on charter to the BBC, the Pascual Flores is moored in Bristol City docks and is being completely stripped and refitted by 16 young men and women and four supervisors. The operation is being financed through the Manpower Service Commission's Youth Opportunities Programme. Assuming all goes well, she will put to sea again next summer to begin a new life as a fully fledged sail training ship for the youth of greater Bristol and the West country.

The idea first emerged from Bristol's new-found interest in her inner city docks, which were finally closed to commercial traffic in the early 1970s. One community-minded group, led by David Brockington, a philosophy lecturer at Bristol Polytechnic and Gordon Farley, Vice-Principal of South Bristol Technical College, noted the large number of derelict boats lying around the docks area and decided to get the growing number of unemployed youngsters in the city involved in a project that would restore some of the boats. The scheme proved successful and the instigators decided that if this could be done with small boats, why not a large one?

AROUND BRITAIN

BRISTOL

The result was the foundation of the Nova Educational Charitable Trust in March last year, to buy and convert sailing vessels, including a large sailing ship, and provide an Outward Bound opportunity for local apprentices, schoolchildren and unemployed young people.

Several vessels were looked at before the Trust located the Pascual Flores at Dartmouth. Built in 1919, she had spent much of her life as a trading schooner in the western Mediterranean between Spain and the Balearic Islands.

The owner wished to sell and turned out to be sympathetic to the Nova cause. He allowed her to be sailed round Land's End to Bristol before a deal was finally struck at £48,000—£20,000 on the nail and the balance by September, 1981.

At this stage—August, 1979—the Trust had no financial resources of its own, but Hill Samuel came up with a concessionary mortgage, allowing a breathing space for the Trust to start raising the money. Because of the very sharp and unexpected rise in interest rates, it has turned out to be the classic situation of running in order to stand still. But thanks to a magnificent response from a number of charities and donations from local industry, the Trust has so far been able to meet its commitments.

Some £40,000 has been raised over the past 12 months and the outstanding loan has been reduced to £30,000.

But a great deal more will be needed. The cost of the refit is now calculated to have escalated from around £40,000-£45,000 to £60,000 at current market prices. The labour is effectively free in that the 16 young people working on the project are paid by the Manpower Services Commission. So too are the supervisors led by Steve Sparham, a trained shipwright turned social worker and another key man in the successful launch of the venture. But the materials must be largely begged or paid for.

So far the momentum is being maintained. The Trust has established two steering committees. One is concentrating on fund raising and is fortunate to have secured the help of Dartington and Company, the merchant banking offshoot of the Dartington Trust.

The other committee is charged with oversight of the technical aspects of the project and it has successfully requisitioned the services, among others, of three naval architects from the Admiralty at Bath, a graduate engineer seconded from Rolls-Royce, and a local boatbuilder. The engineer has worked out a critical path analysis of the project which is giving the fund-raising side some six weeks to scout around for either cash or the relevant materials for the next stage of the refit.

Gordon Farley says that most companies he has approached for a particular product have been happy to donate it to the venture, but he is now coming to some of the more difficult items. The refit, for example, requires 5 tonnes of steel plate and some £7,000-worth of timber—quantities which, he fully recognises, are beyond the resources of a single supplier to donate, particularly in the present economic climate.

His hope is that several companies can be persuaded to chip in a share of the requirement, and that the balance will be met from the cash the Trust is seeking to raise in a variety of ways.


Roger Taylor
Mr. Gordon Farley aboard the Pascual Flores

Another idea being explored is the possibility of persuading Bristol companies to sponsor one or more berths aboard the ship, a gesture which would be rewarded by a plaque on each sponsored bunk.

The Trust is also on the lookout for a full-time manager, ideally someone retiring early as a result of company reorganisation and whose employer is prepared to keep him or her on the payroll. There are precedents for such an appointment.

The project has succeeded so far very largely through voluntary effort, with the help of people prepared to give up their spare time because they are deeply concerned at the lack of jobs and challenges for young people and the effect this could have on the future of the community. The riot in the St. Pauls area of the city was an ominous warning of the dangers of complacency and neglect.

Once the refit is completed and paid for, the Trust expects the Pascual Flores not only to be self-financing but also to represent a permanent challenge to future generations of Bristol young people and, in a unique way, maintain the city's centuries-old maritime tradition.

Boathouse to follow Shoot a Line

RACING

BY DOMINIC WIGAN

THAT TOP class and ultra-consistent filly, Shoot a Line, first stamped herself as a classic filly in the making when she outclassed six opponents, including better fancied stable-mate, Dancing Shadow, in the Radley Stakes a year ago at Newbury.

If, as reports suggest, the beautifully bred Boathouse—a bay by Habitat out of the Ribot mare, Ripick—has the potential to match her pedigree, she is likely to successfully follow Shoot a Line.

I hope to see Mr. Reg Hollingsworth's half sister to the Oaks heroine, Bireme, among other notable performers, put herself firmly in next year's classic picture with a win over the Irish challenger, Royal Meath.

Should Boathouse get off the mark Dick Hern will be looking to 1981 with high hopes. In Kittyhawk, I believe he has already produced England's best chance of retaining the one thousand guineas.

An hour after the Radley Stakes, it will be interesting to see if Boathouse's stable companion, Briar, proves capable of defying nine stone seven pounds in the Dick Dawson Stakes, a nursery handicap over a mile. The Brigadier Gerard filly did well to overcome a bad draw with the minimum of difficulty in a 20-runner maiden at Chepstow towards the end of August.

However, the competition was extremely weak and I doubt she can give 10 lb to the Bold Bidder chestnut, Free Forester.

While Willie Carson is busy down at Newbury, Lester Piggott will be attempting to peg back the leeway in the title race through a number of fancied mounts on Town Moor. His best prospect seems to be Oratavo, among the runners for the Cantley Park selling nursery.

NEWBURY
2.00—King's Aim
2.30—Pencraig
3.00—Boathouse***
3.30—Melion
4.00—Free Forester*
4.30—Solar Grass

DONCASTER
2.00—Brontolino
2.30—Oratavo**
3.00—Bonnybridge
4.00—Prince Diamond

TV/Radio

BBC 1

† Indicates programme in black and white

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm Midday News. 1.00 Pebble Mill at One. 1.45 See-Saw. 2.02 For Schools, Colleges. 3.00 International Tennis: The Daihatsu Challenge from the Brighton Centre. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Heyyy, it's the King. 4.55 Crackerjack. 5.35 The Amazing Adventures of Morph.

5.40 Evening News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 It Ain't Half Hot Mum.
7.30 The Dawson Watch.
8.00 "To Serve Them All My Days," by R. F. Delderfield.
8.50 Points of View.
9.00 Nine O'clock News.
9.25 Starsky and Hutch.
10.15 On the Town (London and South-East only).
10.45 News Headlines.
11.40 The Late Film: "Suppose They Gave a War and Nobody Came?"

All Regional programmes as BBC 1 except as follows:

BBC CYMRU/WALES—1.45-2.00 pm Sioncyn Sboncyn. 2.02-2.22 I Ysgolion. Hwnt Ac Yma. 4.40-5.05 Screen Test. 5.05 Teliffant, Hanes y Glud. 5.55 Wales Today. 7.00 Heddiw. 7.25 Prydain Fechan: "Arall yw crefydd Llydaw." 7.55 Angels. 8.20 The Dawson Watch. 10.15 Week In-Week Out. 11.05 News for Wales. 11.05 Amateur Boxing. 11.40-12.55 am Festival of Welsh Films.

SCOTLAND — 11.00-11.20 am For Schools. 12.40-12.45 am Scottish News. 5.55-6.20 Reporting Scotland. 10.15 Rings on their Fingers. 10.45 News for Scotland.

NORTHERN IRELAND—3.53 pm Northern Ireland News. 5.55 Scene Around Six. 10.15 Gallery. Sean O'Faolain talks to Andy O'Mahony. 10.45 News for Northern Ireland. 1.35 am News and Weather.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 pm East (Norwich) — Week-end. Midlands (Birmingham) — One Day Event. North (Leeds) — Our Northern Economy. North East (Newcastle) — Coast to Coast. North West (Manchester) —Cousin Phillis. South (Southampton) — The Flying Boats. South West (Plymouth) — In Praise of Cider. West (Bristol) —RPM Rock.

BBC 2

11.00 am Play School.
2.15 Racing from Newbury and International Snooker.
4.15 International Tennis: The Daihatsu Challenge from Brighton.
5.35 International Snooker.
6.55 Speak for Yourself.
7.20 Mid-Evening News.
7.30 The 1979 Schools Prom.
8.00 Gardeners' World.
8.25 Newsweek: Young Offenders.
9.00 Hinge and Bracket.
9.45 International Snooker.
10.45 Newsnight.
11.30-12.25 pm Friday Night . . . Saturday Morning with Clive Jenkins.

LONDON

9.30 am Schools Programmes. 12.00 pm World of Sport. 12.05 pm Once Upon A Time. 12.30 The English Garden. 1.00 News at One. 1.20 Thames News. 1.30 For Maddie with Love. 2.00 Afternoon Plus. 2.45 Fantasy Island. 4.15 Come Back Lucy. 4.45 Animals in Action. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Play Your Cards Right.
7.30 Fancy Wanders.
8.00 Vegas: The Lido Girls.
9.00 The Gentle Touch.
10.00 News at Ten.
10.30 Benson.
11.00 The London Programme: Red Ted's Last Stand?
11.35 Side Street.
12.30 am Personal Choice with Kingsley Amis.

All IBA regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.00 Houseparty. 2.25 Film Matinee: "Letters from Three Lovers." 3.50 Cartoon Time. 6.00 About Anglia. 8.00 The Incredible Hulk. 10.00 Anglia Late News. 10.30 7 Days Special. 11.00 Soap. 11.30 Friday Film: "Dead or Alive." 1.15 am Reflection.

ATV

1.20 pm ATV News. 2.45 Movie Matinee: "So Long At The Fair," with Jean Simmons and Dirk Bogarde. 5.15 Diff'rent Strokes. 6.00 ATV Today. 8.00 Charlie's Angels. 10.30 Soap. 11.00 ATV News. 11.05 "Twinky," with Charles Bronson and Susan George.

BORDER

1.20 pm Border News. 2.45 Film: "Conflict of Wings." (1953). 5.15 Diff'rent Strokes. 6.00 Lookaround Friday. 6.30 Superstar Profile: David Niven. 8.00 A Man Called Sloane. 10.00 News and Border Weather. 10.30 Issue 11.00 Late Film: "Ghost Story." (1974). 12.20 am Border News.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where. 2.45 Swanee River. 6.00 Channel Report. 6.30 What's On Where. 6.35 Ladies First. 8.00 A Man Called Sloane. 10.28 Channel Late News. 10.36 Village Action. 11.05 TV Movie Premiere. 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 Friday Film. "Conflict of Wings" 6.00 North Tonight. 8.00 The Incredible Hulk. 10.30 Reflections. †10.35 "The Beguiled," with Clint Eastwood. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Friday Matinee. 5.15 Mr and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 8.00 The Incredible Hulk. 10.30 A Week on Friday. 11.00 Soap. 11.30 The Continental.

HTV

1.20 pm HTV News. 2.00 Houseparty. 2.25 Friday Matinee: "Deadlock." 5.15 Mork and Mindy. 6.00 Report West. 6.30 WKRP in Cincinnati. 8.00 Tenspeed and Brown Shoe. 10.28 HTV News. 10.35 Report Extra. 11.05 Benson. 11.35 Kate Loves a Mystery: "Ladies of the Afternoon."

HTV CYMRU/WALES—As HTV West except: 9.35-9.50 am Am Gymru. 12.00 Ffalabalam. 4.15 pm Y Tadau Yn Y Fforestydd. 4.45 Clapperboard. 5.15 The Muppet Show. 6.00 Y Dydd. 6.15 Report Wales. 10.35 Outlook.

SCOTTISH

1.20 pm News and Weather. 2.45 Friday Matinee: "Bomb At 10:10." An American pilot escapes from an infamous POW camp in the war-torn Balkans. †6.00 Scotland Today. †6.45 Sports Extra. †6.45 Hear Here. 8.00 The Incredible Hulk. 10.00 News and Scottish News. †10.30 Ways and Means. †11.00 Curling. 11.30 Late Call. 11.35 Streets of San Francisco.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Warpath. 5.15 Mr. and Mrs. 6.00 Day by Day. 6.00 Scene South East (South East Area Only). 6.30 Out of Town. 7.30 The Incredible Hulk. 10.00 News followed by Southern News Extra. 10.35 Real Ale and Thunder Band. 11.05 Benson. 11.35 Ne Pleure Pas, starring Sylvain Joubert. 1.15 am Weather followed by What's a Nice Girl Like You Doing in a Chinese Opium Den?

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. †2.45 Friday Matinee: "Young and Innocent." 5.15 Happy Days. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 8.00 The Streets of San Francisco. 10.30 North East News. 10.32 Friday Live. 12.00 Barney Miller. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. 2.45 Friday Matinee: "Tamahine." 4.13 Ulster News. 5.15 Happy Days. 6.00 Good Evening Ulster. 8.00 The Incredible Hulk. 10.29 Ulster Weather. 10.30 Witness, with the Rev. T. Morrow. 10.35 Sportscast. 11.05 Film: "How to Break up a Happy Divorce." 12.25 am Bedtime.

WESTWARD

1.20 pm Westward News. 2.45 Swanee River. 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 8.00 A Man Called Sloane. 10.32 Westward Late News. 10.38 Village Action. 11.05 TV Movie: "Revenge Is My Destiny." 12.40 am Faith for Life. 12.45 West Country Weather.

YORKSHIRE

1.20 pm Calendar News. 2.45 Friday Film: "Tamahine." 5.15 Against the Wind. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 8.00 The Incredible Hulk. 10.30 Soap. 11.00 The Friday Night Film: "A Killing Affair."

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave Only

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour—Part 1. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour —Part 2. 3.32 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.31 Anne Nightingale. 10.02 The Friday Rock Show (S).

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin 8.45 Pause for Thought. 9.03 Radio 2's Top Five Albums. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S) including 1.45 Sports Desk. 2.03 Ed Stewart's Request Show (S) including 2.45, 3.45 Sports Desk. 4.03 Much More Music with David Symonds (S) including 44.5, 5.45 Sports Desk. 6.03 John Dun (S) including 6.45 Sports Desk. 8.02 Jim Macleod and his Band in Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Keep it Maclean. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight including 12.00 Midnight Newsroom. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

7.00 am News. 7.05 Overture Concert: Bliss, Smetana, Balakirev, Gershwin (S). 8.00 News. 8.05 Morning Concert: Beethoven, Mozart (mono), Sibelius (S). 9.00 News. 9.05 This Week's Composer: Alessandro Scarlatti (S). 9.50 Songs and Cello Music, Recital: Purcell, Bach, Obradors (S) 10.45 Gabrieli String Quartet, Recital (Part 1): Haydn, Szymanowski (S). 11.25 Interval Reading. 11.30 Recital (Part 2): Beethoven (S). 12.15 pm Bournemouth Symphony Orchestra, Concert (Part 1): Haydn, Franck (S). 1.00 News. 1.05 Bournemouth Symphony Orchestra (Part 2): Elgar (S). 2.10 Comparing Notes: "The Sincerest Form of Flattery." Illustrated talk by Christopher Hogwood (S). 3.10 Cello and Piano, Recital: Beethoven, Brahms (S). 3.55 Music in Our Time, Concert: Elena Firsova, Nigel Osborne, Ligeti (S). 4.55 News. 5.00 Mainly For Pleasure with Richard Graves (S). 6.55 Play It Again (S). 7.00 Building a Library: Vivaldi (S). 7.35 One Pair of Ears. 8.00 Concerto For Orchestra. An impression of the BBC Symphony Orchestra, drawn from its members past and present, with a special performance of Bartok's work (S). 8.50 Cohen Trio. Recital: Haydn, Brahms (S). 9.45 The Complete Webern, Music by Anton Webern (S). 10.00 Matter Permitted, Play by Nick Dear (S). 10.45 Siedi, Amarilli. A pastoral cantata by Giovanni Battista Bononcini (S). 11.00 News. 11.05-11.15 Gustav Holst (S).

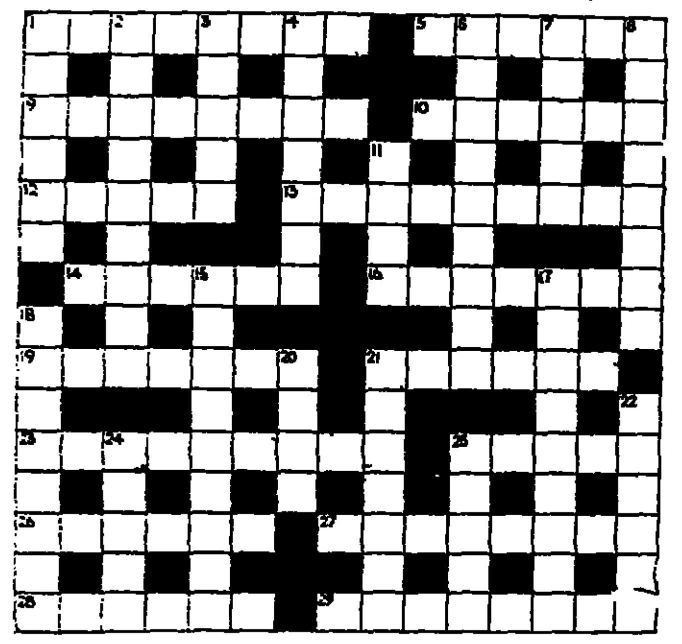
VHF ONLY—Open University. 11.15-11.35 pm The First Years of Life.

RADIO 4

6.00 am News. 6.10 Farming Today. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.45 The Fix, by D. H. Lawrence. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Story Time: "Edge of Darkness, Edge of Light." 11.00 News. 11.05 The Seaside in Autumn. 11.50 Natural Selection: Lemurs. 12.00 News. 12.02 pm You and Yours. 12.27 The Senior Partner: "Family Practices." 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre: "The Corporation's Man," by Norman Thomas (S) 4.05 In My Young Days . . . 4.15 Alternative Medicine: Herbalists and Hakims. 4.45 Short Story: "Not Exactly a Shrine," by Elizabeth North. 5.00 PM. 5.50 Shipping Forecast. 5.55 Weather. 6.00 The Six O'clock News. 6.30 Going Places with Barry Norman. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week. 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime: "The Franchise Affair." 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.40 A Talent to Amuse: J. W. Lambert with more anecdotes from the BBC Sound Archives. 12.00 News. 12.15 am Shipping Forecast.

VHF—9.05-10.30 am For Schools, 11.00-12.00 For Schools. 2.00-3.00 pm For Schools. 11.00-12.00 Study on 4.

F.T. CROSSWORD PUZZLE No. 4,408



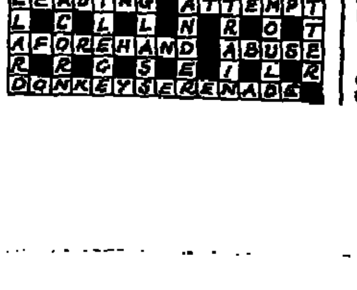
ACROSS

1 Clars pet given key covered in blood (8)
5 First garden from south-west country (6)
9 Censure traveller catching fish (8)
10 With alms scattered about behold obstacle race (6)
12 City area included in shout of battle (5)
13 Majority of old in French game (5-2-2)
14 Promote Olympic runner (6)
16 Weapon aimed at Boney broken (7)
19 Like our airmen to be dissipated (7)
Saint Erica in case (6)
Every note played with all stops out (4,5)
Is turning to first woman in riddle (5)
French individual of course seems precarious (6)
The human race has one treatment paid for on the nail (8)
Daughter with one broadcast to repudiate (6)
Intensify what lays about boat race crew (8)

DOWN

Copper takes on lively junior ministry (6)
Warned of being dislodged (6,3)
Splendour flagged in USA when old (5)
Rally soldiers report (7)
6 Herb having a ball as they say (4,5)
7 Guided upwards over paper pottery (5)
8 Propose to mention a variation (8)
11 Slight up-turn in confectionery (4)
15 Kind of marine power, justifying double salary? (4,5)
17 There may be a catch in the final outcome (3,6)
18 Learned to be in favour of institute (8)
20 Call for attention to a vote trick (4)
21 Notice attendant percolation (7)
22 Lower dean embraces me (6)
24 Keeps going with girl round West-end (5)
25 Cast giving injured member support (5)

Solution to Puzzle No. 4,407



ENTERTAINMENT GUIDE

OPERA & BALLET

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THEATRES

[illegible]

THEATRES

[illegible]

THEATRES

[illegible]

CINEMAS

[illegible]

ART GALLERIES

[illegible]

CLUBS

[illegible]

THE ARTS

Cinema

Blues and all that punk

by NIGEL ANDREWS

The Blues Brothers (AA) — Empire
Breaker Morant (A) — Classic Haymarket
The Big Brawl — Warner West End
The Mountain Men (AA) — Leicester Square Theatre
Indian Cinema — National Film Theatre

The late Cato used often, *circa* the Punic Wars, to cudgel the Roman senate with the exhortation "*Delenda est Carthago*"—"Carthage must be destroyed." The screenwriters for *The Blues Brothers* must be descended from that repetitive Roman, for their $30m demolition-derby of a film, set on the shores of Lake Michigan, is as clear a case of "*Delenda est Chicago*" as I have seen.

Incredible the deliriums of ingenuity which modern movies exercise in the cause of urban immolation. Like *1941*, *The Blues Brothers* is best defined as punk slapstick. Rudely elbowing aside such niceties as comic timing and the precision-building of gags, it charges on to an El Dorado or pure, empurpled anarchy offering us the cinema's nearest imaginable answer to Sid Vicious singing "My Way." Like Mr. Vicious's rendition, it's an experience impossible to forget, although it does prompt you to try.

The film hangs by its fingernails from as frail a plotline as any movie so long and costly can ever have boasted. An ex-convict, fresh out of prison and played by portly John Belushi (of *1914*), joins forces with his lankier brother Dan Aykroyd (of *1941*), joins forces with his reanimate their once-thriving Rhythm and Blues band, yclept "The Blues Brothers." That's the plot. What follow are windings and developments and reprises, mostly devolving from the fact that the group's round-up and revival are hampered by such pursuing interests as the police (wanting Belushi and Aykroyd on a hecatomb of driving offences) and a band of neo-Nazis, led by Henry Gibson, with whom our duo have a fractious brush at an *al fresco* rally. Also on their heels is Carrie Fisher, *Star Wars*' Princess Leia, sporting and detonating a rare array of *outré* weapons—from machine-gun to anti-tank gun—in order to settle a private score with Belushi.

You need a large bag of consoling popcorn in order to sit through this film. Not because violence and St. Vitus vitality are necessary enemies of comedy—this film's director John Landis united them effectively in a previous beery blockbuster, *National Lampoon's Animal House*—but because there's no variety, no *rubato*, no shaping in the exuberance.

Only the finale, in which the two brothers converge on the centre of Chicago, crashing through streets on four wheels, outwitting and/or overturning a legion of pursuing police-cars, and finally drawing upon themselves the wrath of the army itself, does it begin to partake of a ludicrous magnetism. And that less because of any real skills or comic sense, being deployed than because the filmgoer feels the punch-drunk hysteria of one who has been hit over the head so often he's given up wanting it to stop. Elsewhere flat characterisation and flimsy subplots—who ever dreamed up those Nazis?—numb the brain and add up to an expense of spirit in a waste of time, talent and money.

★

Breaker Morant, from Australia, lies at the other end of the movie-misfire spectrum. It's one of those "opened out" film versions of a stage play, whose statutory excursions into different times and spaces—past flashbacks, present exteriors—emphasise rather than camouflage the work's proscenium-bound character. The late and great Sir Alfred Hitchcock had the real answer. In play-derived films like *Rope* and *Dial M For Murder*, Hitchcock fixed his camera inside four walls, making a movie virtue of claustrophobia. His "scenery" became the play of the actor's expression, his "action" was tiny gestures and movements, and ominous shadow-play. He beat the stage-play by pretending to join it: by infiltrating it and working his conquest of it from inside.

Breaker Morant has no such subtle strategy. This court-room drama, based on a play by Kenneth Ross, creakingly concerns three Australian soldiers serving under the British during the Boer War who are hauled up for court-martial. The charge: that they murdered prisoners. The film's message: that all war is murder anyway, so a plague on such scapegoat-hunting. The villain in the background, whose long arm reaches out for its victims as in the famous recruiting poster, is Lord Kitchener: seeking a piece of quick, clean army justice which he may show the Boers as evidence of his honourable intentions and whereby he may wheedle them into ceasefire negotiations.

Spearheaded by a stiff-upper-lip Edward Woodward, the three soldiers are bristlingly defended by greenhorn army lawyer Jack Thompson, who won and deserved a Best Supporting Actor award at this year's Cannes Film Festival. He rolls his tongue round the dialogue with a fine, yeasty relish.

Edward Woodward, John Waters and Bryan Brown in 'Breaker Morant'

But Thomson apart, there's no surprise, no spark in the film. The dutiful cinematic sallies are made into battle flashbacks, the liberal sentiments are respectfully haloed by director Bruce Beresford (of *The Getting of Wisdom*) and the issues are worthy and well articulated. But better, one almost feels, the derailed and moronic anarchy of *The Blues Brothers*—at least there's a sense of danger, of the unexpected—than this courtly, decent, ossified intelligence. The film's moral is vouchsafed to us virtually in the first ten minutes, and thereafter it glides on rails of didactic predestination until its hushed, hallowed, hats-off-to-the-executed-heroes finale.

★

Cultural genealogy is a weird and wayward science. Where do you look for the Fred Astaire tradition in modern cinema? Where do you track down the fiving feet, the gyre and gimble of the body? In disco musicals? Forsooth not. Travolta is an angular ostrich with a piston-stomping arm, and all resemblances between Olivia Newton-John and Ginger Rogers are purely coincidental.

The spirit of Fred Astaire lives rather in Kung Fu movies, and if you don't believe me go and see *The Big Brawl*. This is as lively a display-piece of mercurial choreography as anything (almost) since *Top Hat*. The plot is instantly perishable—how Number Two son of humble Chinese restaurant owner grows to be champion street-fighter in 1930s Chicago—but the balletic battles are hard to resist. Fists near-literally fly, legs shoot out where nothing but arms should be, torsos pirouette, bodies double-somersault, and all with a rapt and flicker-figured grace that Astaire himself might have been proud of. Star Jackie Chan is not yet in the Bruce Lee class as a personality—Lee's cries and grimaces were a body-vocabulary all his own—but he's just as agile a dancer-fighter. Close your ears to the dialogue, take the plot with a pinch of Soy Sauce, and enjoy the euphoric Tersichorean gymnastics.

★

Meanwhile, back at the frontiers of the Old West.

Charlton Heston, he heap hairy hunter. Brian Keith, he heap brave Indian-fighter. *The Mountain Men*, it heap long-winded movie.

A cold wind blows through North-West America in this murkily-shot adventure about a beaver-trapper—Mr. Heston—and his never-say-die love for a Blackfoot Indian squaw, Running Moon by name. Despite the jealous depositions of the lady's husband Heavy Eagle, who isn't wiling to let her go, Mr. H. Keeps dragging her off across the snows defying their age differences and Mr. Eagle's animosity and Brian Keith's sage good sense growled out through a complete face-cover of beard and white hair.

Who says the Western hasn't died? This slow-footed film, written by Fraser Clarke Heston and directed by Richard Lang, might have been saved by a sense of its own ridiculousness. But humour and Heston have long been non-bedfellows and the resulting chunk of would-be pioneer grandeur ends up long, silly and self-important.

★

Better to take yourself to the Indian season—no relation—at the National Film Theatre. The latest movie offerings from the sub-continent unveil themselves before you. And with films by Mrnal Sen, Shyam Benegal and other leading lights of Indian cinema on show, it's well worth a visit.

Festival Hall/BBC 2 & Radio 3

BBC Anniversary Concert

by MAX LOPPERT

On October 22, 1930 the BBC Symphony gave under Adrian Bout its first concert. On Wednesday, exactly half a century later, the orchestra marked the anniversary of its founding. The concert was led by Rozhdestvensky, the latest BBC Chief Conductor; and was an occasion of major importance, given (in aid of Youth and Music) before a large audience and simultaneously transmitted on radio and television. It was important not just because, with memories of the BBC's summer of discontent still green, the unique significance of the orchestra in our musical life, as a living musical organism among so many orchestral fossils, has this year been so firmly underlined; but because it was a splendid evening of music-making, enjoyable in the special way that BBC concerts can be, and a vivid demonstration of the orchestra's current state of robust health.

The programme was admirably well chosen. Vaughan Williams, Prokofiev, and Stravinsky were all active composers in 1930—and concern with live and living music in all its forms (as well as persistent sponsorship of those three composers as of all the major figures of our century) has always been the orchestra's most valuable preoccupation. The programme was also useful in indicating two of what have been revealed as Rozhdestvensky's manifold strengths since his installation in London: his willingness to explore many kinds of English music, especially that of the 20th century, and his peculiar distinction in the interpretation of Russian music. A second way of describing the programme might be that it seemed designed to send an audience into a gentle doze, during the VW Fifth Symphony, and then provide it with an increasingly vigorous awakening, during the Prokofiev First Violin Concerto and *The Rite of Spring*.

In fact, the experience was not at all like that. Even a listener usually wearied by the symphony's prevailing pentatonic mildness had to admit the translucent beauty of its textures when so limpidly sounded. The performance moved slowly (the composer's suggested 35 minutes' duration was extended by at least another eight); but its movement affirmed an unhurried lyrical grace. Quite different too the unfolding of the concerto, a work whose magical "once upon a time" character (supported by the composer's markings of *sognando* and *narrando*) was radiantly sustained from beginning to end—the big battalions of sound were marshalled to darken the fairy tale, not (as too often) to pervert it into a brazen showpiece. After a slightly abstracted start Itzhak Perlman showed himself the perfect choice of soloist; for he is a supreme virtuoso who flourishes a creative imagination.

The BBC Symphony has played Stravinsky's ballet countless times—indeed, as Nicholas Kenyon's excellent "Personal View" in the programme reminded us, the orchestra was responsible for the first good performances of the work in this country. Among former BBC Chief Conductors, Dorati, Davis, and Boulez have been particularly adept in persuading the listener that there is room for a conductor to offer personal insights into the score while remaining true to its savage excitements. Now Rozhdestvensky, whose interpretation has been tautened and polished since I heard it at the 1979 Edinburgh Festival—last night, the brass roared into their *cuivré* phrases with a magnificent fury—has left an indelible mark on one's hearing of the music: each solo teeming with colour, nothing mechanical about rhythmic statement, the barbaric energy of the reading derived directly from its individuality. Such proof as the orchestra gave, that one of the key works of the century still has life in it, is in a sense what the orchestra is all about.

Globe

Hinge and Bracket

by B. A. YOUNG

Hinge and Bracket have added a lot of new material to their act since I saw them last. Though there are only 10 musical selections in a two-hour show, there is comedy dialogue between them that suggests that Dame Hilda Bracket might easily have been a successful stand-up comic if her voice had broken. Mostly it's just chat, partly for the drawing-room ("Why the pepper? Are you starting a cruet?"), partly for the smoking-room ("This was not the only time we had mounted Tom Jones"). There is an excerpt too from Dr. Bracket's play, evidently a thriller cast, like so many plays in the West End nowadays, for a company of two.

For newcomers, I suppose I should explain that Dr. Evadne Hinge (at the piano) and Dame Hilda Bracket (soprano, but also at the piano when Dr. Hinge isn't looking) are two young Scotsmen; but they have submerged themselves so completely in their personas as ageing lady musicians that you might never know. They have provided themselves with life-stories that go back to their adopted childhoods, and they never make the error on stage of doing a quick give-away to show how butch they are.

At the Globe they play in a warm mash of crimson velvet curtains, overstuffed furniture and fluted columns, not credited to anyone in the programme. Their music includes a song from *The Mikado*, numbers from *Véronique*, *South Pacific*, *Tom Jones*, *Showboat* and so on, including a definitive performance of Rossini's duet for two cats. To conclude with community singing ("Keep the home fires burning," "Land of hope and glory") seemed to me out of character, but the house responded enthusiastically.

Whether they are playing a number straight or mocking it, they always play it properly. There is no fudging. It's hard to imagine an act of this kind done better, and the first-night audience received the players rapturously.

Autumn in Warsaw—2

by DOMINIC GILL

Although it still provided some splendid opportunities for fringe experiment, this year's Warsaw Autumn — the 24th international festival of contemporary music in Poland's capital since 1956—was more classically-based than usual. That impression was reinforced by the central role taken in the programme by the Russian pianist Sviatoslav Richter, who appeared on three occasions. In retrospect, his powerful presence made the number seem much more; but every performance was such a rare adventure, such a magical new-minting of familiar music, that no one thought for a moment to regret the absence of the literally "new."

On the festival's second day he made his first appearance at a solo recital made up entirely of 27 short pieces by Prokofiev played in chronological order, from the op. 12 *Légende* of 1908 to the op. 102 pieces of 1946, framing the ninth sonata of 1947, Prokofiev's last completed piano work (and dedicated to Richter). I doubt that any other artist could have made such a perfect and enthralling sequence from such fragmentary, yet similar, material. It was an extraordinary performance, delicate and haunting, pungent and percussive by turns: a sequence of cameos, every colour and line etched with perfect clarity, turning around the spare, angular testament of the ninth sonata — the programme's dark, nocturnal heart, proposed by Richter with powerful intensity, and still more powerful restraint.

Elsewhere he was accompanist and soloist on his grandest and most jovial form. With the Moscow Conservatory Ensemble — by the look of them, as well as by their very polished sound, a group of young teachers rather than students — he gave an electrifying account of Janacek's Concertino (and the first performance of my experience in which the naked piano chords of the climaxes never merely matched the swell of the other instruments but thundered through and above them). In the same programme, he accompanied the Russian violist Yuri Bashmet in a homage to Shostakovich: a strong, fine-grained account of the viola sonata of 1975 (another last completed work). And later in the week, he returned with the same Moscow Ensemble to partner the violinist Oleg Kagan in a splendid performance of Berg's Chamber Concerto — the finale of a concert at which Richter had played Hindemith's *Kammermusik* no. 2, and at which Kagan had given an exceptionally fine account of the third violin concerto of the Soviet composer Alfred Shnitke: a work of long and fidgety structure, but gripping in its perseverance, eloquent in its high-flying romance with the solo instrument.

In sum, the Warsaw Autumn presented 25 concerts in 10 days: a remarkable marathon (as well as a remarkable organisational feat), massively taxing of mind and ear, but exhilarating after all for the comprehensive overview it afforded. Certain landmarks stood out clearly. The Polish premiere of Witold Lutoslawski's new Double Concerto for oboe and harp (the second performance after its Swiss début, already reviewed by Ronald Crichton on this page) was received with acclaim: not one of Lutoslawski's most adventurous works perhaps, but scored with all his customary expertise and keen ear for instrumental combination.

The same concert also included works by three Polish compers of the immediate pre-war generation who came to maturity after 1945. Of these I specially liked *Strings in the Earth* for 15 string instruments by Tomasz Sikorski (b. 1939, son of Kazimierz Sikorski)—a very short minialist-romantic essay that explored the metamorphosis of a single melodic gesture in a ripple of tiny shifts of colour and harmony: strange, attractive piece, and one that (rarest comment of all) I should have liked to hear develop for much longer. In his *Concerto per archi* for solo violin and string orchestra, Zbignew Bujarski (b. 1933) seemed set to prove himself a young Slav Sibelius: odd, awkwardly neo-Romantic confection. But the *Nocturne* for baritone, harp and strings of Witold Szalonek (b. 1927) was more interesting: reconstructed from sketches dating from 1953, but never performed, it showed an unusual sensitivity for string and voice combinations, and a five ear for the spacing of textures. Neo-romantic certainly: but unmistakingly original in its grammar and accent.

I would have been interested to hear more of the work of the very youngest generation of composers—who in Poland (as elsewhere) have frequently taken up neo-romantic and neo-classical procedures in defiance of, as they see them, now outworn and outdated "avant-garde" idioms. One has read of Elzbieta Sikora, Zbigniew Lampart, Krzysztof Knittel, Wojciech Michniewski and Eugeniusz Knapik — but as yet one has not heard enough of their music even to pronounce their names. One of the leading lights of the more experimental (and ironically, therefore, these days slightly older) wing of the Warsaw Autumn in recent years has been Zygmunt Krauze (b.1938). His new violin concerto, premiered at the opening concert, hardly deserves, nor asks for, the label of "experimental." Its opening drops us, without apology, *in media res*: Rakhmaninov or early Schoenberg in mid-sentence, drawn out—and not uninterestingly, but at the greatest length—for nearly 22 minutes. Some good things: sudden flashes of temperament, quick surges of brass and electric guitars; and for my taste, perhaps a shade too much spun-sugar — a solid shaft of metal, just once, would have been welcome.

Wearing his other hats, as pianist and founder-director of Warsaw's "Music Workshop," Krauze appeared twice more during the week. The Workshop's first concert, devoted to live-electronic works, was plagued by technical faults: reassuring to know that it's not only in London that tapes slip out of their guides, thrice-tested connections mysteriously fall silent, and stereo becomes mono, just as the performance begins. But their second concert fared better: for here the hardware was chiefly mechanical, and the software provided by no less than 27 real, live (if uncharacteristically lively) avant-garde names.

Krauze had invited composer-friends to "let their hair down" in three minutes' worth of any dance music of their choice, arranged for small instrumental ensemble. Interestingly, most chose an entirely relaxed, "pop" presentation: the idiom had clearly been bursting for expression, though ruthlessly suppressed, in each and every one for years. Only half a dozen or so managed to achieve, nonetheless, any kind of arresting or original treatment: of those the Korean Sukhi Kang made something very dark, moonlit and mysterious with his *Dal-a*; Michael Nyman's obsessive-repetitive *A Neat Slice of Saraband* was predictable in its repetitions, exhilarating in its obsessive focus; Louis Andriessen captured with his *Ende* for one player and two recorders an almost Kagel-like fusion of the sublimely beautiful and the absolutely absurd.

A programme of new music which gauged its length and its limitations perfectly was a solo recital of just 45 minutes played by the East-German Hans-Karsten Raecke (b. 1941)—an enchanting display on his own home-made instruments of delicately jazzy invention, deft shaping, and pointed social comment. Two concerts given by our own London Sinfonietta were a rousing success; and another two sung by Electric Phoenix were a triumph—vocal and instrumental virtuosity that left behind it in Poland, as ever in London, a lasting mark.

Munch exhibition

An exhibition of paintings by Edvard Munch from the Munch Museum, Oslo, will be on show for the first time in London when Riverside Studios, Hammersmith, opens its new gallery on November 20.

The gallery marks one more stage in an overall plan to open up other areas of the Studios for public use. It comprises 150 running feet of hanging space with good natural light and simple, permanent lighting.

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Friday October 24 1980

Not the way to economise

WHILE THE Prime Minister may well wish that Mr. Heseltine's enthusiasm for economy was matched in other spending departments, it has its clear dangers. In an ideal world, spending cuts would be achieved over a long period by changes in fundamental policies designed to secure more economical results — and there are few fields in which a fundamental review could be so rewarding as in housing policy, the permanent slum area of British politics.

In the real world of urgent financial pressures and deeply engrained *bad habits, rougher* methods are no doubt required, both to achieve quick results and to shock the administrative community into seeing economy as a virtue; but even under these pressures, some methods are altogether too rough.

Embargo

The embargo on new commitments for local authority construction announced yesterday is a compendium of everything that can go wrong with overhasty efforts to enforce economy.

It is inconsistent—it is only seven weeks since Mr. Heseltine said *he had no intention* of taking any such step. It is confusing, because for the time being *the embargo* is only in force for the few weeks until fuller statistics of existing local authority spending plans have been collected. It is unfair, since it is mainly the authorities which have managed their affairs economically that are still in a position to approve new projects; they are in effect being asked to sacrifice the rewards of virtue to pay for failures in financial control elsewhere. It is economically unsound—yet another example of Whitehall's habit of compounding its own muddles by visiting the main consequences on private industry. And it is bad housing policy.

The most obvious, but relatively trivial inconsistency from a housing point of *view is* the decision that private sales of council houses, and the lending *to finance them, should continue.* In financial terms, this is justified; "loans" to buy council *houses simply mean that* the local authority is paid by instalments rather than in a lump *sum, and do not impinge* on cash limits. However, council house sales do reduce the number of tenants moving out into the private sector, and so create an additional pressure for new building; if building is forbidden, then sales should be suspended for the time being.

Demand

The numbers involved here are not large, and it is the broader background of housing need which shows up the faults in present policy. The extent of the need was documented, ironically enough, by the Conservative - controlled London Boroughs Association in a report published on the day of Mr. Heseltine's decision.

Two facts stand out. The first *is that there is an enormous* unsatisfied demand for public sector housing—the result of national policies pursued by both parties over many years. The second is that for demographic reasons total housing demand, which has been relatively slack in recent years, will now accelerate for a period. The construction industry cannot simply be pensioned off.

The high level of demand for *council housing has two causes,* both of which could be addressed by new policies. The first is that rents have again been allowed to fall substantially in real terms. A housing policy which requires local authorities only to cover their historic costs inevitably has such a result in a period of inflation. Raising rents is unpopular and adds to the cost of living index, but it would be a sounder way to meet cash limits.

Subsidy

More fundamentally, rented housing is scarce because of market distortions which have killed off the private rented sector in this country since the war. *Here the historic-cost* subsidy to public tenants and tax concessions to owner-occupation *have played an equal role.* Yet it is the private rented sector which in other countries caters *for the mobility essential if* industrial change is not to be impeded, and responds most *readily to changing housing* need.

If Mr. Heseltine were seen to be addressing these fundamental and deeply damaging distortions, he might more readily be forgiven some rough and ready methods in the short term.

Greece returns to Nato

SUCCESSES for the West and especially for NATO have recently been *few and far* between. Therefore the progress made with bringing Greece back *into full* membership of NATO and mending the bilateral defence agreements between the U.S. and Greece, and the U.S. and Turkey, are greatly to be welcomed. But *much still* needs to be done before the hole that has existed in NATO's southern flank since 1974 has been securely plugged. Soviet warships in Aegean waters are a constant reminder of the need to do so.

For a start, the terms upon which Greece is ready to reintegrate *its forces* into those of Nato in wartime have not been disclosed. Some of the detail *will almost* certainly call for additional negotiations, which the Greeks say they are ready to enter into. Those are not the firmest of foundations upon which to build.

Turkish economy

On the other side of the Aegean Sea, Turkey in January mended its fences with the U.S.: it once again qualifies for U.S. military aid, and U.S. bases on Turkish soil once again can operate properly. But the economy of Turkey has proved unstable, as did *government* by the parliamentary parties. The military coup of September has raised *questions* of its own. Nobody can be quite sure where Turkey is going, even if its present rulers are attached to the West both in the context of the confrontation with the Soviet Union and with the Islamic revival.

The Greek breach with Nato goes back to 1974 and the Turkish invasion of Cyprus, an independent republic with a Greek-speaking majority. Athens *felt let down by the alliance.* To understand the bitterness of feeling and the complications of the argument it is necessary to go back not six years, but several centuries. For something like 400 years after the Turkish conquest of Constantinople in 1453, Greece was under Turkish colonial rule. The traces can still be *seen everywhere* in Greece. A Greek Kingdom was founded in the early 19th century as Turkish power began to wane, and after the First World War the Greeks took advantage of the collapse of the Caliphate to try to seize Constantinople and the then Greek-inhabited coastal cities of Asia Minor.

They were defeated by the Turkish revival led by Kemal Pasha, later Kemal Ataturk. The peace settlement left almost all the Aegean islands in Greek hands. An exchange of population largely removed most of the Greek and Turkish minorities, each from the country of the other.

That history as left a legacy of hatred on both sides of the Aegean Sea. The facts of geography cannot but add to it. A Turk looking westward must feel as an Englishman might *feel if the Isle of Wight* were occupied by a traditional enemy—except that there is not *merely one island involved.*

So close together are the islands that if Greece were to declare 12-mile territorial waters, Turkey and the Black Sea powers—which include the Soviet Union—would not have free transit into the western Mediterranean without crossing Greek waters. Ankara has said that such a measure would constitute a reason for going to war, and Athens has been careful to heed the warning.

Ownership of the continental shelf is another matter that *could yet bring* trouble between the two capitals. Fortunately, some of the heat has gone out of that argument since it was found that the Aegean is unlikely to yield much oil.

Incendiary

Nevertheless, the issues leave enough incendiary matter for the Greek *opposition, and in* particular for Mr. Andreas Papandreou, leader of the socialist PASOK party, who has for years been anti-Nato and anti-EEC. Lately he has trimmed a bit for tactical reasons, but PASOK opposes the new arrangements with Nato in the current parliamentary *debate in Athens. It will* probably be beaten in the vote tonight, but Mr. Papandreou has threatened to re-open the issue after the next election, due by November 1981, a contest which may prove difficult for the Government of Mr. Constantine Rallis.

On the Turkish side things *will be smoother. Having made* up their minds, the generals are unlikely to brook opposition. It was not they, but the civilians, who started the Cyprus war. Nevertheless, Turkish nationalism is strong the Aegean will remain an area that needs close watching.

THE SOVIET LEADERSHIP

Kosygin gets little thanks

Anthony Robinson *reports that the departure of Mr. Alexei Kosygin, architect of a series of economic reforms in the 1960s which have born little fruit, coincides with the Kremlin's admission that this year's harvest has been very bad.* **John Edwards** *below describes the problems of Soviet agriculture.*

Mr. Kosygin (left) and his successor, Mr. Nikolai Tikhonov.

THE RESIGNATION of Mr. Alexei Kosygin, the Soviet Prime Minister, removes from the Soviet political scene the man who for the past 16 years has had the ultimate *responsibility for the economic* performance of the Soviet Union.

The timing of his resignation is highly significant. It came barely 24 hours after President Brezhnev and Economic Planning Chief Mr. Nikolai Baibakov announced, in a carefully camouflaged fashion, that the *Soviet Union had suffered its* second disastrous harvest in a row and failed once again to achieve its main economic targets.

Mr. Kosygin was part of the Brezhnev - Podgorny - Kosygin troika which overthrew Mr. Nikita Khruschev in a bloodless Kremlin Palace coup in October 1964.

One of the declared aims of the new regime was to reinvigorate an already sagging Soviet economy which like so much in Soviet life had been adversely affected by the badly thought-out economic and administrative reforms which had earned Mr. Khruschev the unkind description as a "harebrained schemer."

*As Prime Minister with over*all responsibility for economic affairs, Mr. Kosygin set out to *try to introduce the sort of* economic reforms associated with the Soviet theoretical economist, Professor Liberman. These reforms aimed at reducing the day to day interference of the Central Planning Commission and Party bureaucrats in economic matters and devolve greater powers to managers within the context of a new pricing system aimed at bringing prices more into line with real costs.

In the first flush of enthusiasm managers of selected Soviet enterprises had the *volume of planning guidelines* and instructions cut back from around 90 to less than 10. Within a few years however the entrenched interests of local Party bosses and central planners gradually clawed back their lost powers and the shower of paperwork and directives soon crept back up to the old number.

It was a defeat for Mr. Kosygin which in the long run became a defeat for the Soviet economy as a whole as Mr. Brezhnev's speech to the Supreme Soviet on Wednesday so graphically underlined.

Mr. Kosygin stood out from the other Soviet leaders in that *he rose to a top position in the* hierarchy not through the conventional Party channels but by *steady progress through* managerial and governmental positions.

His experience was mainly in the field of light industry although he also played a considerable diplomatic part in the 1960s and early 1970s culminating in his successful "honest broker role" at the Tashkent Conference of 1966 which settled the war between India and Pakistan. He travelled *widely, showing a consuming* interest in economic developments in western as well as *socialist countries. He earned* the respect of many foreign leaders, including President Nasser of Egypt who described him as by far the most intelligent and open-minded of the entire Soviet leadership.

Mr. Kosygin also played a key role in the internal debates which paved the way for Soviet *detente policy in the 1970s.* He, probably more than any other Soviet leader, understood how vital it was for the Soviet Union and its allies in Eastern Europe to acquire both capital and new technology from the West.

Forced to admit defeat in his attempt to reform the economic system from within, he argued that the injection of new technology from the West would revitalise key sectors of the economy like electronics, petrochemicals and oil industry equipment.

Mr. Kosygin also believed that the Soviet economy should develop consumer industries. Only in this way he believed could incentives be built into the system. Indeed one of the first major decisions of the troika was to give the go-ahead for the massive Togliatti Fiat plant. It also endorsed a plan for higher agricultural investment. This was aimed at raising grain production in order to provide for fresh milk and fresh meat for the Soviet consumer.

In spite of large scale imports of western technology and grain, however, the sheer institutional inefficiency of the overall Soviet system, the growing demand of the "metal eaters," or Soviet military-industrial *complex, and the strain of* developing fuel and raw material resources in Siberia and other distant places has proved too much for the economy to bear. It is now more tightly stretched than ever. This means that the need for the thoroughgoing economic and political reforms that Mr. Kosygin argued for in the 1960s is now even more urgent.

There is little indication that this message has yet got through to the Soviet leadership as a whole however. Mr. Kosygin's successor, Mr. Nikolai Tikhonov is only one year younger than Mr. Kosygin himself. What is more, Mr. Tikhonov's own career, *while* superficially similar, in that he too came up through governmental rather than Party channels, is significantly different. It has been exclusively within heavy industry, the sector most closely connected with the military and their demands for ever greater investment in heavy industry to serve the military build up at the expense of the long suffering Soviet consumer.

Unlike many previous resignations "for health reasons" Mr. Kosygin has been genuinely very ill for over two years. He is believed to have suffered a series of heart attacks. His resignation now leaves another vacancy in the top *decision*-making body, the party Politburo.

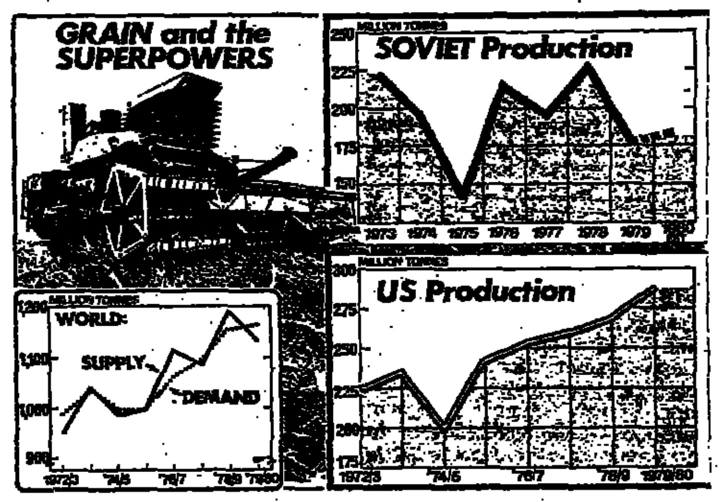
Mr. Kosygin *is believed to* have wanted to resign for several years, but was refused permission because of reluctance to change the balance of power within this ageing body. His resignation, therefore, opens another opportunity for the promotion of a younger man. This would contribute to a *much-needed rejuventation of* the top Soviet leadership, a process which started earlier this week with the promotion of Mr. Mikhail Gorbachev, the Party's agricultural expert.

Mr. Kosygin's resignation also sets an important precedent. He is one of the few top leadership figures to retire relatively gracefully since 1917. But, unlike Mr. Anastas Mikoyan, who received fulsome praise when he retired *in 1965, Mr. Kosygin received* no praise yesterday for a lifetime of dedication to Communism.

One of the greatest weaknesses of the Soviet system *remains* the absence of any constitutional framework for the succession. There are no U.S. or Western style presidential elections in the Soviet Union. Leaders emerge from the decisions of a secret cabal within the Politburo, and are then ratified by the Party Central Committee.

Mr. Kosygin's departure sets a precedent, which could be followed by Mr. Brezhnev, who, although currently in much better health, is 73 years old, and has been very ill for long periods in the recent past.

'They are up against a wall'



Bob Hutchison

THE DISASTROUS failure of the Soviet grain crop, reluctantly admitted by the Russians this week, is a considerable blow to the Soviet Union, particularly so because the Russians made a special *effort this year to produce* a bumper harvest.

The extra incentive to boost *agricultural output* was provided by President Carter's decision in January to cut back *U.S. grain sales to the Soviet* Union by 17m tonnes in protest at the Russian invasion of *Afghanistan.* The President placed an embargo on any extra grain sales to Russia over and *above the* 8m tonnes permitted under the five-year agreement between the two countries that *expires next October.*

There was, therefore, every reason why the Russians should try their hardest to achieve a bumper crop this year and blunt the food weapon threat from the U.S. A target of 235m tonnes was set not only to provide current needs but also to rebuild stocks depleted by the very poor crop of only 179m tonnes in 1979. Instead only 180m tonnes has been produced. Few reasons have been given yet why the Russian effort failed so dismally, but it can be surmised that once again unfavourable weather was the villain of the piece.

Whatever went wrong, the *disastrous result seems to provide* further confirmation that the Soviet Union is virtually *incapable of producing* sufficient grain to feed both its human and livestock populations.

It is, in fact, the livestock population that is causing the problem. Increased meat supplies are synonymous with improved living standards in *the Communist bloc* countries. The unrest in Poland about meat shortages and high prices *is an ominous example for the* Soviet Union.

Livestock herds require large amounts of grain, especially when as it the case in Russia, poor farming methods make the animals bad converters of grain into meat. So while the Russians can claim to have boosted grain output by 12 per cent during the past five years on average compared with the previous five years, this increase is nowhere near large enough to cope with the rise in *domestic demand.*

Russia, and the Communist bloc generally, have been transformed from being a small net exporter of grain into a massive importer. There is little to suggest that *this trend will be* reversed in the future, given the repeaed failure of Soviet efforts to increase grain *production.*

Many experts claim that fundamentally the climate, with the short summer and intense cold in winter, puts a limit on how much grain Russian *farmers will ever be able to* produce. They will never, for example, be able to match the *kind of yields achieved in the* almost ideal climatic conditions of the Corn Belt in the U.S.

But it is also true to say that much could be done to improve the existing structure of Soviet agriculture, which is generally acknowledged to be a shambles. Transport, storage and farming *input supplies* are difficult enough to organise in a country the size of Russia. But by all *accounts* the wastage and inefficiency are phenomenal by Western standards.

Even if Mr. Mikhail Gorbachev, the new man the Soviet leadership has appointed to rejuvenate the agricultural sector, proves to be more successful than his many unfortunate predecessors, it will take many years for improved harvests to be achieved on a regular basis and *Russia will, therefore,* remain heavily dependent on imports if it wants to provide adequate *meat supplies to its* people.

This year's crop disaster leaves the Soviet Union especi*ally vulnerable and it is diffi*cult to see how it can avoid being forced to climb down *politically if it wants* to import sufficient grain. The U.S. is the only country with sufficient supplies available to meet the kind of massive purchases needed by the Russians. As Mr. Bob Bergland, U.S. Secretary of Agriculture, succinctly put it this week: "They (the Russians) are up against a wall."

Although Mr. Ronald Reagan, the Republic presidential candidate, has declared himself in favour of ending the grain sales embargo, on the grounds that it doesn't work, the U.S. is hardly likely to give away its grain again without exacting a heavy political price.

Other countries, both inside and outside the Iron Curtain, may also have to pay a heavy price for the Soviet crop failure. The fall in the crop threatens to upset the whole world grain supply-demand balance. Already stocks built up over the past seven years of bumper harvests *in many parts of the world* have started to disappear in the face of this year's crop setbacks and *inexorable rise* in consumption.

Once again the spectre of grain shortages, and thereby *widespread starvation in some* parts of the world, has emerged on the horizon.

In the immediate future, however, there could be a problem if Russia continues to fail so miserably with its agricultural production. It is going to cost the Soviet Union a great deal of money to make up the shortfalls of grain and sugar this year. Export prices of wheat have risen in the past month to around $200 (f.o.b.) a tonne, although feedgrains are much cheaper. If Russia manages to restrict its imports to even 30m tonnes, by dint of increased livestock slaughter*ings, it will have a huge sum* to pay, not to mention the cost of buying over 3m tonnes of *sugar at around £400 a tonne.*

Little wonder that there are reports of the Russians resuming sales of gold after holding off the market for a long time.

A meeting of leading Western world grain exporting countries is to be held in Adelaide, Australia, on November 10-14 after the U.S. Presidential election. *Whoever wins* the election it seems likely that there will be strong pressure for the U.S. to relax the sales embargo. France, in particular, is known to be keen to expand *exports to the Soviet Union.*

What may be of more importance at the Adelaide meet*ing will be discussions on how* demand from the Soviet Union can be met from the dwindling *world supplies, and trade stab*ilised more in the future by an international grains agreement.

MEN AND MATTERS

Filling the energy gap

Underlining, if further stress were needed, its commitment to extracting nuclear power from the pressurised water reactor, the Government has named one of the machine's most forceful advocates, Dr. John Marshall, 48, as the next head of the UK Atomic Energy Authority.

Forceful to the point of obstinacy, Marshall backed his arguments for the U.S.-designed PWR against the British advanced gas-cooled system so strongly that former Energy Minister Tony Benn sacked him *in 1977 from the part-time post* of chief scientist at the Department.

That episode with the intractable Benn represents one of the few recorded occasions when his persuasive powers failed to make a favourable impression on their targets. Acknowledged as one of the country's outstanding physicists—he was made a Fellow of the Royal Society at the age of 39—he was and *remains convinced* that the PWR can be made to work in Britain.

And to back his scientific conviction, he argues that since there are a dozen other countries around the world trying to plug the PWR into their national grid, common experience will be of enormous hel pto *the developers* in Britain. With the gas-cooled technology, the UK has to do all the *work alone.*

Fresh from Birmingham University he joined the Atomic Energy Research Establishment at Harwell in 1954, springing rapidly through the ranks to become director in *1968. He joined the* UKAEA in 1972 and became deputy chairman in 1975.

It was there that Marshall showed that behind the theoretical physicist there lay a hard-nosed businessman. Recognising and exploiting the industrial possibilities of the Establishment's work, he started a lucrative trade in research and development which led in 1978 to a Queen's Award for Technological Achievement, shared with Rolls-Royce, for radiography techniques in aero engines. At the other end of the scale, Harwell was called in to help when Big Ben stopped some years ago. Net income *from these* non-nuclear spin-offs last year alone amounted to almost £20m.

Dr. Walter Marshall—origami and atoms.

A nifty producer of home-made wines, precision carpenter, croquet devotee, and with something approaching black belt skills in origami, "Jolly Wally" as the irreverent know him, remains equable in the face of the most frenzied attacks on his first love, nuclear power.

Where necessary, he has *shown he is prepared to apply* his scalpel mercilessly to ill-informed or mischievous opponents. And at the same time he acknowledges the need to show the public that there is more to the atom than an apocalyptic *mushroom cloud.*

"We technocrats," he wrote recently, "have failed to present our case properly to the public, and this is something we must learn to do since nuclear power is destined to play such an important part in the future of mankind."

Visible assets

A high-flying team heads for China next week to spread *understanding in Peking of the* financial and trading services that the City can provide to ease the *country's* economic development.

Experts on everything from the *Eurodollar market to export* credit will be numbered among the group led by Sir Francis Sandilands, chairman of the Committee on Invisible Exports.

The Chinese, it seems, are avid to learn about the benefits of invisible trade. Most of their top Government finance and trade officials will be at the three-day conference.

But a sterner view is now being taken of some of the more tangible imports that have been flowing into the country as it improves its business relations with the West.

The Government is about to publish strict regulations on the acceptance of gifts from foreign businessmen. Only top officials will, in future, be able to accept expensive presents. These will have to be promptly surrendered to the State, usually *for resale at very low prices* among the lesser ranks of the department.

Small souvenirs will not be classed as gifts, but the recipients will be expected to offer some memento of the same value in return.

"Severe punishment" will be doled out to any offender, the Government warns. *Bribery is* virtually unknown in China, it claims, and it is determined *that it will not take root among* its economic blooms.

Ivory poacher

These are desperate times for the tooth fairy. More often than not these days she is likely to turn up a child's pillow to find an unscrupulous mortal has beaten her to it.

Principal villain, it seems, is a Chorlton-cum-Hardy dentist, anonymous for ethical reasons (not to mention fear of venge*ful sprites) who has discovered* that there is a true sellers' market in this unlikely commodity. Raising funds for the British Dental Association Benevolent Fund, he has enlisted 500 colleagues to help him towards his target of £2,000 worth of discarded incisors and molars by next month.

Colgate Palmolive, brushing up its research, has already paid £600 for some 15 kilos, and dental schools are clamouring for supplies at 5p a tooth for students' practice sessions.

The supply squeeze, exacerbated by demand from medical researchers, who can divine all kinds of physiological data from these scraps of dentine and enamel, stems mainly from *recent improvements in oral* hygiene and general health. Nor is it confined to Britain. My *informant exports* teeth *to* Ireland and has had to turn down generous offers from Western Europe.

The fairy, needless to say, is not giving up without a fight. Our entrepreneurial collector tells me his private survey of the Fairyland Tooth Exchange showed that the competition's average price was 10p a tooth, 50p was "not uncommon" and certain faries even left paper money. *His patients' "agents,"* however, still seemed to prefer dealing with him.

Skipping along

Eager to convey the increased *effort being put into the Govern*ment's bid to save jobs, Employment Department officials are thinking of calling the new aid package due shortly from James Prior, the Job Unification Manpower Programme. After the Youth Opportunities Programme and the Special Temporary Employment Programme, *things would then be moving at* a YOP, STEP and a JUMP.

Observer

POLITICS TODAY

Healey needs a first round knock-out

THE LABOUR PARTY election should be approached with caution. The outcome depends almost certainly on the behaviour of a small number of MPs of whom most people have never heard and who may never admit the way they vote.

At the end of this week the whereabouts of many MPs remained unknown even to campaign managers most anxious to get on with canvassing. Even when an MP is known to be in his constituency, the managers are reluctant to ring him for his support by telephone.

It will be different when Parliament returns on Monday, but for the moment all predictions are based on guesswork.

But certain guidelines are already apparent. The most important is that Mr. Denis Healey really needs to win on the first ballot—or very nearly—if he is to win at all. It is difficult to see Mr. Healey as many people's second choice.

There are 268 Labour MPs. The winner needs 135 votes, or one more than half. On the most likely present assumptions, on the first ballot Mr. Peter Shore will come bottom, Mr. John Silkin next, then Mr. Michael Foot, with Mr. Healey on top. But no one is yet claiming htat the necessary 135 votes for Mr. Healey are already there. If they are not there on the first ballot, it is not easy to imagine how he could pick them up on the second or the third as the bottom candidates are eliminated.

The reason is that Mr. Healey is the only candidate who offers a real choice. He offers at least the possibility of a break with the fudging traditions of the Wilson-Callaghan past and the chance of giving the Tories a fight in the next general election.

The qualities of all three other candidates are altogether different. Reasons for voting for them could include a desire to move the Party further to the Left; a determination to keep the seat warm for an even more Left-wing successor if and when the Party agrees on a method of election by electoral college; and simply a preference for the quiet life.

After all, the Party has survived its ups and downs until now without tearing itself apart completely, so why should it risk the frictions that a Healey victory could produce when it is posible to vote for Mr. Foot, the great conciliator? Personal prejudice, even eccentricity, will also play a role.

It should be said that not everybody in the Party believes that Mr. Healey, if elected, will fight. That is why a certain coldness seems to have developed between Mr. Healey and Dr. David Owen and why his candidature has not so far been conspicuously endorsed by the gang of three, which comprises Mr. William Rodgers and Mrs. Shirley Williams, as well as Dr. Owen.

The other three candidates are altogether different

There is an element of tactics here, to be sure. Mr. Healey does not want to be too much praised from the Right when he is seeking support from as wide a spectrum of the Party as possible. Equally, there seems little doubt that Dr. Owen and Mr. Rodgers will vote for him.

The idea that one or other of them might stand themselves was largely bluff, though it was taken quite seriously in the Healey camp. What they have been trying to do is to stiffen Mr. Healey's resolve to fight for an independent Parliamentary Party if and when he wins, and in that they appear to have had some success.

Mr. Healey has come down rather more categorically against the efforts of the Left to gain power than seemed likely only a week or two ago. He has said, for example, that he will only accept an electoral college if it is at least as "legitimate and democratic" as the present method of election, the adjectives having been previously used by Dr. Owen.

He has also condemned outright the attempt by the left-wing Labour Co-ordinating Committee to persuade MPs to take their instructions on how to vote from their local party headquarters.

The doubts of Dr. Owen and others apart, the fact remains that Mr. Healey is the only candidate who might conceivably fight and win the battle to keep the Party in the mainstream of British politics and give it some chance of winning a general election. True, Mr. Shore might try, but he lacks Mr. Healey's weight and has lost much of his support now that Mr. Foot has entered the race.

The election, therefore, is really about Mr. Healey and whether MPs are for him or against him. That is a question on which one would expect most of them to make up their minds by the time of the first ballot. If he does not win on the first, the top Healey campaign will almost certainly coalesce around Mr. Foot.

Mr. Healey's supporters are thus going all out for a first-time victory, though they are being none too public about the methods. The bulk of the Shadow Cabinet who are not themselves standing are behind him—Mr. Roy Hattersley, Mr. Eric Varley and Mr. John Smith in Scotland are among the most conspicuous examples.

There is a campaign committee of about 15, each one of them tending to have special knowledge of specific regions. Mr. Joel Barnett, for instance, might be expected to concentrate on wooing MPs from the North West. The North East is regarded as comparatively safe.

Mr. Healey has also let it be known that he would like to see any MP or group of MPs who wish to talk to him, which is a departure from his past behaviour. As one of his closest supporters remarked, he is beginning to act like a politician.

Not least, he will make his own personal pitch when he speaks in the employment debate in the House of Commons on Wednesday. Mr. Foot will be winding up, so it promises to be quite an occasion.

Mr. Healey's selling point is primarily—in the word of his campaigners — "electability." He has experience of government, is well-known and is popular in the country. All the opinion polls bear that out. If the election were by universal suffrage, there is no doubt that he would win hands down. He is unusual among politicians in having both the common touch and intellectual supremacy. The problem is to convince enough of the 268 Labour MPs that that is an asset which matters.

It is also being argued that he has considerable support from the trade unions, despite the opposition from Mr. Moss Evans and Mr. Clive Jenkins, and could even carry an electoral that gave the unions a share in the vote. Even some of the constituency parties would support him.

Again, all of that is true, but the trouble is that it tends to be the union heavyweights and the constituency activists who are against him. What Mr. Healey and his supporters are trying to flush out is the more silent majority.

The argument that if he wins the Parliamentary election, he will then survive the electoral college, is suspect to some on the Right. It smacks of the wheeler-dealing with the unions reminiscent of Mr. Callaghan. If Mr. Healey is now thinking of how a college could be devised that would keep him

Mr. Denis Healey and Mr. Michael Foot— chief contenders for the Labour leadership.

as leader, what might he not be prepared to sacrifice to the Left in the way of policy?

That is a hard question. Mr. Healey sees his first task as being elected. He would sort out the problems later. All one can say is that they are formidable.

In the first place, there would be a solid block of MPs who would not easily accept his leadership. They would continue the fight for constitutional reform and to give more power to the Party Conference, the National Executive Committee and the constituency parties. In the second place, an early battle over the electoral college now looks unavoidable whoever is elected.

The college indeed could be the test case for whether people like Dr. Owen stay in the Party. It is by no means certain that agreement on how it should work will be reached at the special conference at Wembley in January.

Some trade union leaders are talking about trying to reverse the Blackpool decision and to go back to the old system of election by the Parliamentary Party. Perhaps more significantly they are also seeking a fall-back position which would ensure that the Parliamentary Party remained paramount: say 60 per cent of the votes for the PLP, 20 per cent for the unions and 20 per cent for the constituency parties.

Even that, however, would be unacceptable to sections of the Parliamentary Right-wing who remain basically opposed to the whole idea of the college. There is no point, they say, in simply rigging a system in order to keep Mr. Healey in office. If he fell under a bus, the system would remain.

It is also becoming increasingly clear that the split between the unions themselves is almost as great as that in the Labour Party. When one sees Mr. Terry Duffy of the engineering workers and Mr. Bill Sirs of the steelworkers sitting on the same platform as the gang of three, as happened at Blackpool, it is plain that Dr. Owen and Mr. Rodgers are rather more than just latter day Reg Prentices. The possibility of a break-from the defection of the odd away movement, as distinct individual, is very real.

Mr. Healey would like to prevent it, and is perhaps the only man who can. All that can be predicted with any certainty is that whatever happens in the Parliamentary election and at Wembley the fighting over the constitutional changes will go on, and with it the battle to impose more Left-wing policies.

Mr. Healey says that he wants to be like Chancellor Helmut Schmidt in West Germany, and I believe him where others don't. What is sometimes forgotten, however, is that it took the West German Social Democrats several lost elections before they changed their prospectus and became a reformist party.

That was in Bad Godesberg in 1958. Even then it took several more years before they joined a Government, and then only as a junior partner. What Mr. Healey has to do to succeed is to emulate Willy Brandt, Herbert Wehner and Helmut Schmidt, all in three years.

The battle to impose more left-wing policies will go on

There is one possible rather ironic solution. If Mr. Healey were to become leader and Mr. Foot his deputy, perhaps the necessary changes could be forced through. Mr. Foot has already indicated a willingness to serve, and indeed told Mr. Healey so before he announced his candidature.

Finally, we should not get these matters out of perspective. What is happening in the Labour Party is interesting; it is not necessarily anything more. Other Left-wing parties elsewhere in the world are in trouble: for example, in Norway and perhaps even the Democrats in the U.S.

The common phenomenon is that they have fulfilled part of their original purpose and have run out of new ideas. If they cannot adapt to the new society which they themselves have partly created, others will.

Malcolm Rutherford

Letters to the Editor

Death knell for industry

From Mr. E. Whiting.

Sir,—Almost before the ink is dried on the paper of current cost accounting standards, all kinds of undertakings are being set targets based on current cost profit as a percentage of current cost capital employed. The target set in these terms for the British Airports Authority was reported by you (Oct. 17) to have led to a revolt by foreign airlines using Heathrow. Regional water authorities have had similar instructions and the Local Government, Planning and Land (No. 2) Bill lays down that the direct works departments of local authorities shall be judged on their CCA returns on capital, not only overall but on a project by project basis.

One wants to cry: "Steady on; we don't know how to do this yet; we are entering totally uncharted waters." Some companies have had by now a fair experience of computing a current cost profit, but the CCA balance sheet is quite new and ratios derived from it are totally untested.

Replacement cost is still an ephemeral concept. Valuations based on an index can give very different results from individual valuations of plant by engineers, as one company we know has shown. The differences in industrial property valuations can vary even more. Unique assets such as an airport building or a waterworks are almost impossible to value. One surveyor's valuation could easily be 50 per cent of that of another.

Asset life is another bone of contention. Some companies, with CCA, have extended the periods for which they think their plant is going to last. Others have not. It would not be difficult to find one company giving an estimated life of 10 years and another giving 20 years to an identical machine. The conservative company is likely to have a CCA return on capital employed around half that of the other company as a result.

Then there are assets fully written off for historic cost (i.e., their book value is nil). Should they be restored and depreciated for CCA? If so, there are several ways of doing it. Our limited research suggests that older companies have about 30 per cent of their assets fully written off in historic cost terms and over 40 per cent in current cost terms. About half the companies have restored the assets and charged depreciation for CCA. About half have not. The difference in treatment can have a dramatic effect in return on capital employed, the return where assets are not restored being three or four times that where they are. Even when historic cost has faded into insignificance there will still be a problem under pure CCA of continuing to charge depreciation on assets still in use with a very low book value.

The CCA standard, SSAP 16, allows another kind of valuation based on "recoverable amount." If this is ever used (and I hope not), it will make a real mess of returns on capital employed. If direct works departments were doomed to extinction because of lack of competitiveness their assets could be valued at "economic value" or "net realisable value," causing a fantastic increase in return on capital as compared with valuation at replacement cost.

Then there is the gearing adjustment. Where capital is supplied wholly or partly by loans the extra depreciation for CCA will be wholly or partly eliminated. The concept is reasonable. Water authorities, for example, if they ever had to replace a reservoir or a sewage works, would borrow the capital required one way or another. The economic consequences of treating these undertakings as though they were wholly equity financed has been explored in your columns before.

Many businesses, we have been told, cannot afford current cost accounting. They can in fact usually afford it in terms of cost of sales adjustments — otherwise they would soon be out of business. But they have no need in the medium term to charge extra depreciation. Many businesses can carry on for a very long time without having to build up the extra reserves for replacement of fixed assets.

The tragedy is that various public enterprises are apparently being forced into the full (and without gearing adjustment, the over-full) rigour of CCA and have to raise their prices accordingly. For the private sector businesses these increased prices are extra costs which may simply increase a historic cost loss. For them, the introduction of CCA depreciation becomes academic.

Current cost accounting, if used this way, will not be the salvation of private industry but could be the death-knell through its enforced abuse by public industry.

Edwin Whiting
(Lecturer in Management Control),
Manchester Business School,
Booth Street West, Manchester.

Funding the break

From Mr. P. Stutz.

Sir, — Mr. Kramers (October 21) states that for a company, the immediate consequence of redundancies will be an increased bank overdraft. He further states that the bank can scarcely refuse the request.

This may be so in general mainly because it is so profitable for the banks to increase credit.

In certain circumstances, however, if the bank were to refuse to increase the overdraft, redundancy payments can be made directly by the Department of Employment to the redundant employees, the company repaying the Department over an extended period.

This means that the company's trading position has been immediately strengthened and the redundancy payments financed out of a reduction in wages. This form of government assistance is aimed at small and medium-sized businesses, although it has received no publicity of which I am aware.

P. G. Stutz.
Central Consulting Services,
26-28, High Street,
Easton-on-the-Hill, Stamford,
Lincolnshire.

Redundancy payments

From the Head of Information, Department of Employment.

Sir, — Mr. Kramers (October 21) might leave some readers with the mistaken impression that every person who becomes unemployed does so because he or she has been made redundant, that he or she receives on average a statutory redundancy payment of £5,000, and that in consequence employers will be faced with a bill for statutory redundancy payments over the next 12 months of £5bn. Perhaps I could set the record straight without becoming enmeshed in the wider issues raised.

Only some of those made redundant meet the qualifying conditions for a statutory redundancy payment — notably the need to have at least two years' continuous service with the employer. The maximum possible statutory redundancy payment is £3,600; payments currently average about £1,000 on which the employer receives a rebate of 41 per cent. In the first nine months of this year there were 320,000 statutory redundancy payments at a total net cost to employers of £168m. Of course, some employers make voluntary payments on top of the statutory scale, but there is no firm evidence as to their extent or scale.

B. Mower.
Caxton House,
Tothill Street, SW1.

Informing one's colleagues

From the Managing Director, Annual Reports.

Sir, — Michael Lafferty (October 10) postulated the view that the production of simplified accounts for employees seemed to arise from a desire to explain the division of added value.

It is probably more often the case that the production of an added value statement is an attempt to show that the proportion of total income going to shareholders is relatively small. This is as opposed to the profit and loss account where the dividend takes a high proportion of profit.

If we continue to regard employee reports only as a vehicle for explaining the accounts—probably mainly an added value statement—they will be regarded as biased and produced primarily to influence the next pay claim.

If on the other hand the employee report covers a wide range of topics, the main purpose is more likely to be regarded as a genuine desire to explain what the company is doing and why. The cost of producing a more comprehensive report might be higher, but its reception should be far more enthusiastic and the effort well worth while.

Benjamin D. Rowntree.
4 Pembridge Mews, W11.

Indemnity for lawyers

From Mr. F. Yeo.

Sir,—The comments (October 10) at Eastbourne of Mr. Jonathan Clarke, president of the *Law Society*, must be the most profoundly disturbing to solicitors since W. S. Gilbert "aimed his shaft" at the legal profession.

Surely the acid test of professional status must lie in the degree of public service provided. For that very reason there can be only one truly professional activity remaining today—that of the medical profession. All others, including the so-called accountancy profession, are business activities of varying sorts and degrees, and are thus subject to the same weaknesses and failings, and to the same falling off in standards

Where the legal profession has differed from others has surely been in the numerous public offices of importance which its members have combined with private practice in the administration of the law. But how is it possible, even for men of such towering integrity, as the great number of members of the legal profession undoubtedly are, to avoid the perils today of trying to serve two masters

Perhaps, if the public offices were combined to require full-time working in the public interest, and partnership of lawyers and accountants were possible, there might well be improved prospects for the 15,000 solicitor trainees to whom Mr. Jonathan Clarke referred. There might well be also fewer demands upon the compensation fund in respect of those solicitors in practice who have not met "the required standards of honesty"!

It will not be so, however, while the solicitor, admitting a breach of trust in the office he holds, will not resign voluntarily from his office without the security of a deed of indemnity from the very persons whose trust he holds.

F. M. Yeo,
2 Vicarage Street,
Barnstaple.

Financing local government

From Mr. R. Wright

Sir,—May I reply to the correspondents who have commented on my letter in your issue of October 14?

To Mr. C. H. Birch (Oct. 18), I would simply ask on what information he bases his statement that the generalisations about local authority spending is largely justified? It would be interesting to know how he arrived at this conclusion.

I am grateful to Mr. D. Liss for the sympathy shown (Oct. 21). It is, indeed, a most welcome change! So far as the level of salaries are concerned, I think he has rather missed my point. I fully accept, and I believe that most staff in local authorities would agree with me, that pay levels must be lower than in the private sector for the reasons he gives. My concern is that the gap has been widening progressively over recent years, and seems likely to continue to do so. The result is that the best people tend to leave, and all too often their replacements are of inferior quality. After all, one will not employ skilled people, whatever their trade or profession, if one does not pay the market rate. In the long run, this only increases costs, rather than reduce them.

I fully agree with Mr. Liss that some of the local authorities in the conurbations behave like some of those in London. I also know, because I worked in the conurbations until a few years ago, that most behave in the same responsible way as the council I now serve. Those which appear not to, very often have serious sociological and environmental problems which they were elected to overcome.

All of which helps to support my original argument — that the method of financing local government needs radical change.

R. C. Wright.
57, Thornton Road,
Whitehaven, Cumbria.

Today's Events

GENERAL

UK: Mr. William Whitelaw, Home Secretary, speaks at Conservative Party meetings in the Midlands.

Mr. Mark Carlisle, Education Secretary, addresses students at Manchester University.

Mrs. Sally Oppenheim, Consumer Affairs Minister, speaks in Derby.

Dr. Rhodes Boyson, Education Minister, speaks at Leeds.

Mr. Edward Heath speaks about opportunities in Europe at advertising conference, London.

Conference on strategies for surviving and prospering during the recession, Cafe Royal, London.

Sir Peter Gadsden, Lord Mayor of London, attends British Chemical Distributors' and Traders' Association lunch, Mansion House; and Framework Knitters' Company dinner, Mansion House.

Overseas: United Nations Day celebrating 35th anniversary of foundation.

Greek Parliamentary vote of confidence on the country's return to NATO's military wing.

Joint Norwegian-West German committee on bilateral economic co-operation concludes, Oslo.

Birmingham Chamber of Commerce trade mission leaves for Zimbabwe and Kenya.

PARLIAMENTARY BUSINESS

House of Lords: Local Government Planning and Land Bill, report.

COMPANY MEETINGS

Haynes Publishing, The Post House Hotel, Sherborne, Dorset, 12. Kean and Scott, 120-122 Corporation Street, Birmingham, 11.30.

COMPANY RESULTS

Final dividends: Peters Stores. Interim dividends: Ayreshire Metal Products. Berec Group. Clayton Son and Co. (Holdings). General Scottish Trust. Minster Assets. W. L. Pawson and Son. Spirax-Sarco Engineering. E. Upton and Sons.

Hunting Assoc. ahead mid year

FIRST-HALF 1980 taxable profits of **Hunting Associated Industries**, aviation, survey and engineering group, rose from £2.71m to £3.01m, but the directors are expecting a downturn for the year as a whole.

Certain subsidiaries are being affected by the recession, they state, and the full-year surplus is unlikely to exceed the £7.15m in 1979.

The Channel Islands aviation operation has continued to incur losses, and they have decided to dispose of the business. Arrangements for the disposal have been made, and full provision for such losses as will arise has been made in an extraordinary debit this time of £1.25m (£194,000), which reduces the attributable profit to £907,000 against £1.78m.

The interim dividend is maintained at 2.5p and absorbs £306,000—last year's total was 5p.

Turnover in the six months rose from £53.64m to £76.03m and the pre-tax profit included the associate's share of £433,000 (£292,000).

After tax of £625,000 (£650,000) and minorities of £227,000 (£87,000), earnings per share are shown as 17.68p (16.23p) basic, and 13.26p (12.17p) diluted. After the extraordinary items, earnings are 7.43p (14.63p) basic, and 5.57p (10.98p) diluted.

The results do not include the Zimbabwe subsidiaries.

● comment

First-half turnover at **Hunting Associated** has advanced by over 40 per cent. But this is not fully matched by pre-tax earnings, which have been held back by increased interest charges (and increased borrowings) to a more modest 11 per cent. Although this represents quite a good interim performance, the company is reluctant to forecast a comparable second half, and earnings may fail to reach last year's. Difficulties are being experienced in the (relatively small) boatbuilding subsidiary, and aircraft sales in Canada have been running below last year. Assuming a n unchanged final dividend, the shares yield 2 per cent at 360p, a rise of 7p on the day. The strength of the share price is a reflection of the 24 per cent stake in Hunting Petroleum, now worth nearly £6m, £3m more than at the last balance sheet date.

ICI dives £201m at nine months—£150m provision

A THIRD-QUARTER loss of £10m, against a £156m profit, was incurred at **Imperial Chemical Industries**, and for the first nine months of 1980 taxable profits have slumped by £201m to £214m. Sales in the last three months slipped from £1.33bn to £1.3bn, but were higher overall at £4.28bn, compared with £3.89bn.

The directors also deem it prudent to make a £150m provision in 1980 accounts for certain extraordinary costs and losses facing the group. The severity of the worldwide recession in the chemical industry has put particular pressure on a number of businesses in which ICI has significant investment, and the effect has been made worse in the UK by special factors, they state.

Of the total, £95m is to meet the costs and write-offs associated with the recently announced changes in the fibres operations, and provisions have been made against potential losses on disposal, or reductions in the holding values, of certain chemical assets and investments both in the UK and overseas, amounting to £55m.

On the outlook for the current, final quarter, directors say the recession continues, and while there are some signs that de-stocking may be ending, there is as yet no indication of a firm recovery in sales volume or prices.

They add that there is therefore little prospect of a marked improvement in profitability before the end of the year—pretax figure for the whole of 1979 was £560m.

Trading in the UK and the rest of Europe in the third quarter was affected by an unprecedented combination of adverse factors, the directors explain. The world recession and the associated reduction in consumer demand with consequent de-stocking, which began in the second quarter, deepened and its effects were intensified by the normal seasonal downturn.

In the UK, costs continue to rise but selling prices and volume were both constrained by falling demand and by continued competitive pressure from imports. Margins continued to decline in export markets, largely as a result of strong sterling, but in territories outside Western Europe and the U.S. profit levels were broadly maintained.

Pre-tax profits for the nine months included an exchange loss of £7m (nil).

The directors say that the fall in trading profits has reduced group cash flow in 1980, although this has been partly offset by reductions in working capital. The group's financial position remains strong, they state.

The impact of current trading difficulties is significantly greater than appears to be generally expected, and together with the effects of the fibres sector's rationalisation, directors thought it appropriate to make an advance statement of results. As previously indicated, figures for the nine months will be published in the usual format on November 27.

The decision on the final dividend—interim was unchanged at 12p—will be made when full-year results are known, and in the light of the outlook for 1981 at that time. The directors intended, however, to maintain last year's level of 23p net per share.

Lex, Back Page

ICI chairman, Sir Maurice Hodgson (centre) answering questions at a Press conference yesterday after the group had revealed third quarter losses. He is flanked by Mr. W. B. Duncan, deputy chairman (left), and finance director, Mr. A. W. Clements.

Gill & Duffus looks for £21m despite lower midway sales

TAXABLE PROFITS of **Gill and Duffus Group**, international commodity broker, merchant and processor, for the whole of 1980 will amount to £21m, according to the board's estimates. Last year the surplus was £20.56m.

The directors have declared an interim dividend of 3.6p net (3p) and, if their profit forecast is realised, intend to recommend a final of 4.8p, making 8.4p (7p) for the year.

Although external sales for the first six months are down at £314m against £344m, the year so far has been a reasonable one, states Mr. T. P. H. Aitken, the chairman.

Cocoa, coffee, rubber and sugar have been active, and there are signs that the chemical side, which has been dull largely because of the world recession, is slowly picking up. Associate companies continue to trade well and the group's commission business is making progress.

The chairman warns, however, that efforts being made to reduce inflation have had a deflating effect on the economies of the main countries in which the group trades. Brazil remains a problem, and its inflation rate of 100 per cent a year

● comment

Gill and Duffus dropped smartly back to 188p from the year's peak of 196p yesterday as the commodity trader forecast another year of flat profits. Cocoa will contribute somewhat less than half the estimate of £21m pre-tax and, although the group has actively attempted to broaden its base, the relative decline in cocoa profits is more a symptom of a world market surplus allied to difficulties in the chocolate manufacturing industry than a notable advance in other activities. Coffee, rubber and sugar have apparently performed well but the petrochemical trading operation dropped sharply from the previous contribution of perhaps £1.5m pre-tax. That business is now picking up slowly and, given the usually cautious nature of the forecast at this time of the year, profits may well look a little better than the estimates. The group hopes to tie up the mooted H. Clarkson merger in the near future which will reduce the reliance on cocoa that much further. The currency conversion loss, probably around £500,000 in 1979, may deepen materially over the foreseeable future and the shares, yielding 6.5 per cent, rest largely on hopes for the success of future acquisitions and, over the long-term, a resurgence in cocoa.

BSG in the red and omits payment

BSG International, the motor distributor and component manufacturer which earlier this month removed Mr. Harry Cressman as chairman and chief executive, yesterday announced a loss of £440,000 for the first half of 1980; and there is to be no interim dividend. In 1979 profits dropped from £8.4m to £5m after a second-half setback to £862,000.

The group—which has been involved in a big cutback in operations in an effort to reduce borrowings—has been hit by soaring interest charges and a downturn on the vehicle distribution and component manufacturing sides.

Mr. Tom Cannon, the acting chairman and chief executive, said that trading conditions had deteriorated significantly in the third quarter of the current year, but he was hopeful that profitable trading would return in 1981.

The removal of Mr. Cressman from the Board came about because of a fundamental disagreement over the group's structure. He was strongly in favour of a major disposal of the car component side as a way of carrying out the degearing operation. Mr. Cressman also said that he would not be averse to a complete takeover of the group.

Mr. Cannon says in his statement that it is planned to appoint a new chairman as quickly as possible and Samuel Montagu, the group's merchant bankers, are assisting in this operation.

Turnover for the first half of 1980 was lower at £156.7m against £159.1m, but the company says that a reduction of £10m is due to the closure of dealerships at Oxford, Stamford Hill and Hendon. Trading profits came through down from £6.76m to £3.52m, but these were subject to interest charges 52 per cent higher at £3.96m.

Mr. Cannon said that the group's vehicle distribution side had been badly hit by price-cutting by competitors. The subsidiaries manufacturing components for the car companies—notably Ford and General Motors—had experienced reductions due to the downturn in the number of vehicles being built in Europe.

At part of the group's operations to reduce borrowings, Mr. Cannon said that every part of the group would be reviewed and where loss-makers were identified a decision would be taken to sell, close or amalgamate.

The group has already decided to close its Vauxhall and Volkswagen dealerships in Stoke-on-Trent and these, together with the Vauxhall dealership in Hendon, should reduce borrowings by some £4.5m.

In addition, the Ford parts operation, which has been trading at a loss, will be integrated with the nearby Ford dealership in Birmingham. This will result in a further reduction in working capital of around £1m.

● comment

BSG's annual sales run at around £300m—and its market capitalisation at 14½p is under £10m. That is a fair indication of the extent of the group's current problems, with borrowings—mainly short-term—of over £40m, tangible net assets of £35m, and an increasing rate of losses. BSG hopes to reduce its borrowings by £20m by the end of 1981, and believes it can do this without an adverse impact on shareholders' funds. But the short-term outlook must be highly uncertain.

Br. Assets Trust rises and pays 0.7p more

Pre-tax revenue of **British Assets Trust** advanced in the year to September 30, 1980, from £5.09m to £6.6m after interest and expenses amounting to £1.65m, compared with £1.42m. Gross revenue for the period increased to £8.25m against £6.51m.

The Board says that in accordance with its investment policy of growth of income, earnings over the 12 months rose 35 per cent from £2.9m to £4m—the largest increase achieved by the company at any time during the past 20 years.

A final quarterly dividend of 0.95p is proposed, making a total for the year of 3.8p net (3.1p) which includes the extra dividends of 0.3p paid last January.

Tax for the year showed a rise from £1.96m to £2.45m leaving earnings per 25p share of 4.18p (3.12p) and a net surplus of £4.15m (£3.12m).

Net asset value per share after deducting prior charges at par amounted to 115.03p (101.11p).

During the year the £7.5m back-to-back loan was replaced by a straight borrowing of £18m.

The company has increased its investment in its subsidiary GBC Capital to 67.5 per cent which has been included at net asset value.

Increasing costs hit Wm. Low

AFTER interest charges up from £202,264 to £370,013, taxable profits of **Wm. Low and Co.**, supermarket and freezer centre operator in Scotland, slipped to £2.24m in the 53 weeks ended September 6, 1980, compared with £2.4m. Current cost adjustments reduce the surplus to £1.86m against £1.98m.

Estimates for the current year indicate no great change in operating profits, say the directors, but the group's position is strong and they are hopeful that these estimates may be exceeded.

Included in the pre-tax profit is a surplus on the sale of assets of £88,202 (£185,031). After lower tax of £467,505 (£859,239), earnings per 20p are shown up at 25.55p (22.27p) and the dividend is lifted to 7.5p (7p) with a final of 5.4p.

Turnover for the year rose from £74.15m to £94.83m, but with all input costs increasing, some significantly, the directors say the 4 per cent improvement in operating profit is lower than they would have hoped to achieve.

Although freezer centre sales were 43 per cent ahead on the previous year, profitability was slowed. The group's new fast-food catering subsidiary traded for only three weeks of the year under review, but the directors are confident it will prove a significant addition.

The superstore at Cumbernauld will begin trading next month, and will be followed by Kirkaldy in early summer 1981, Grangemouth in November, 1981, and Linlithgow early in 1982.

● comment

Sharply higher interest charges and a squeeze on profit margins in line with most supermarket chains drove Wm. Low's profits 7 per cent lower. Turnover rose by nearly 28 per cent over the year, which translated into maorket share means an increase of about 0.5 per cent of the Scottish fresh food and grocery business. The company is set on an expansionary course, both through acquisitions and several new stores, including its biggest unit to date due to open shortly market share means an increase at Cumbernauld, which cost nearly £1m to fit out. The company has doubled its borrowings over the year by securing a £1m overdraft and 15 per cent more staff have been employed. Despite a 7 per cent increase in the annual dividend payments, the shares remained at 143p, where they yield about 7.8 per cent. The p/e ratio, fully taxed, stands at 8.9, reflecting the market's favourable view of Low's long-term growth prospects.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
British Assets Tst. ...	0.95	Jan. 5	0.75	3.8	3.1
East Rand Gold	100§	Dec. 12	25	—	110
Free State Geduld ...	475§	Dec 12	235	950	420
Gill and Duffus ...int.	3.6	Dec. 15	3	—‡	7
Gopeng Cons. 2nd int.	15	Jan. 5	12	—	25
Norman Hay ......int.	1.25	Dec. 8	1.5	—	3.85
Hunting Assoc. ...int.	2.5	Nov. 27	2.5	—	5
F. J. C. Lilley ......int.	1.8	Nov. 28	1.54	—¶	3.85
Wm. Low and Co. ...	5.4	Jan. 5	4.9	7.5	7
McKechnie Bros.	5.28	Jan. 2	4.83	7.28	6.88
S. Miller Hldgs. int.	0.6	Nov. 21	0.6	—	1.4
Ptsmth. & Sndlnd. int.	1	Dec. 18	1	—	3.95
President Brand	375§	Dec 12	180	685	285
President Steyn	385§	Dec. 12	117.5	665	182.5
Saga Holidays	6.25	Dec. 15	5	9	7.5
J. Smart (Contrs.) ...	2.3	Dec. 5	2.15	3.16	2.75
Spencer Gears	0.65	Jan. 5	0.65	1	0.9
Sphere Inv. ....int.	2.85	Dec. 8	2.3	—	5.7
Transvaal Consld. ...	150§	Jan. 6	93	215	135
W. Tyzack	0.5	—	nil	2.5	1.25
Welkom Gold	150§	Dec. 12	67.5	280	110
Western Holdings ...	825§	Dec. 12	375	1500	635
Wilkins Mitchell int.	nil	—	0.75	—	2.21

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and or acquisition issues. ‡ Final of 4.8p forecast. § South African cents throughout. ¶ Total 4.5p forecast on enlarged capital.

EIO profits rise sharply

A 43 per cent rise in pre-tax profits and a 52 per cent jump in after-tax profits is reported by the **Ecclesiastical Insurance Office** for the half year to August 31, 1980.

An underwriting profit of £170,000, against a £55,000 loss last year plus a 30 per cent rise in investment income from £888,000 to £1.15m resulted in pre-tax profits of £1.37m against £1.03m. After-tax profits were £733,000 compared with £482,000.

Underwriting results improved in both the UK and Canada. In the UK underwriting has gone from a marginal profit in the first half of last year to £170,000 this time reflecting, at least in part, the company's massive campaign with clients for improving fire and theft precautions. In Canada the company had reduced its portfolio, cutting out many of the poorer risks, so that the underwriting position had almost returned to a break-even position.

Premium volume on general business in the UK was around 30 per cent higher, but the reduction in Canada had trimmed this growth to 17 per cent. Nevertheless the growth in underlying funds, together with continuing high interest rates, accounted for the advance in investment income.

There was sluggish growth in life business over the period, with a noticeable deterioration in single premium annuity business. Premium income on life business over the six months showed only a 11 per cent rise from £1.9m to £2.11m.

Lilley raising £3.26m: interim up

BY RAY MAUGHAN

THE CIVIL engineering and building group, **F. J. C. Lilley**, is to raise £3.26m by way of a one-for-four rights issue at 73p per share.

The proceeds will be placed on deposit in the short term but will ultimately be used to support further capital spending and additional working capital. The group is also looking for further acquisitions and joint ventures in the UK and overseas and the increase in the capital base will enable Lilley to tender for larger contracts, particularly in the U.S. where substantial tender and performance guarantees are required.

At the same time, the group has announced a 14 per cent rise in pre-tax profits in the six months to July 31 on an increase in turnover from £38.45m to £47.35m. The net interim dividend is raised from 1.54p to 1.8p per share. The Board intends to recommend a final payment of 2.7p on the capital enlarged by the rights issue to lift the total from 3.85p to 4.5p per share.

The results include a contribution from Henry Jones and Son (Portsmouth) which was acquired on May 6 and profits from the 80 per cent-owned Harrison Western Corporation in Denver, Colorado, which was acquired on April 30. As known, Harrison Western has averaged pre-tax profits of US$1.05m in the past three years and consideration for the group's interest amounts to $3.91m (£1.78m) on which an initial payment of $1.6m (£727,000) was made on completion.

Lilley also stands to pay an additional $4.52m (£2.06m) dependent on the receipt by Harrison Western of certain sums whose recovery is under negotiation. Lilley said yesterday that settlement of the amount outstanding must be completed by the end of December before it adjusts the first of three equal annual, interest free, instalments in April.

The last balance sheet showed a £2.3m net cash surplus. At October 8 this year, the group had foreign currency debts of £2m including unsecured bank loans of £310,000 in the Sri Lankan associate, Lilley-Morapana, and hire purchase and capitalised leasing commitments of £1.45m.

ICFC Corporate Finance completed the underwriting yesterday. Brokers to the issue are Messrs. Parsons and Co. Dealings in the new shares (nil paid) will start on October 27.

● comment

A rising market and a strong share price, reaching a new annual peak of 92p yesterday, provide a good base from which Lilley can fund its future takeover plans. Acquisitions in the past two years have cost £7.03m, of which £4.45m has been financed internally, and it is clear that Harrison Western is the forerunner of more U.S. deals. The contingent top-up requirement on that payment stands to absorb a good part of the issue proceeds but Lilley has proved its ability to generate strong cash flows and to increase its order book through energy-related projects and private sector industrial construction. The workload stands at record levels and, despite a half-point fall in margins, pre-tax profits have climbed 14 per cent. Taking reported profits over the past 12 months, the ex-rights p/e is 6.3 and the increased dividend yields 7.3 per cent on the same basis. Despite difficult conditions in the UK public sector, the shares may rise further but perhaps an emphatic re-rating should wait until the new U.S. acquisition is firmly bedded in and the extent of the necessary purchase price adjustment is clarified.

SPAIN

October 23	Price %	+ or −
Banco Bilbao	252	
Banco Central	282	
Banco Exterior	219	
Banco Hispano	244	
Banco Ind. Cat.	125	
Banco Madrid	141	
Banco Santander	283	−1
Banco Urquijo	132	
Banco Vizcaya	261	
Banco Zaragoza	220	
Dragados	112	+2
Espanola Zinc	63	−2
Fecsa	64.2	
Gal. Preciados	32.5	
Hidrola	69.2	+0.2
Iberduero	65.2	+0.2
Petroleos	115.2	+1.2
Petroliber	88.5	
Sogefisa	102	
Telefonica	62.5	+0.5
Union Elect.	69	

Sphere Inv. interim expansion

After tax up from £405,735 to £506,491, revenue of **Sphere Investment Trust** emerged ahead at £1.02m for the half year ended September 30, 1980, compared with £819,963, and the interim dividend has been stepped up from 2.3p to 2.85p net per share.

Last year's final was 3.4p paid from revenue of £2m.

Total revenue for six months increased to £1.78m (£1.47m) and while this is expected to show a satisfactory rise for the full year, the directors say it cannot be assumed that the increase will be maintained at the same level throughout the period.

Total net assets amounted to £63.56m compared with £57.52m and after deducting prior charges at par, net asset value per share is given as 192.3p against 171.2p.

CORAL INDEX: Close 490-495 (+5)

COMPANY NEWS

Saga Holidays lifts profit 20% to £2.44m at year end

The absence of exceptional losses this time, higher investment income, and stringent control of costs, has pushed taxable profits of Saga Holidays, tour and hotel operator, up by 20 per cent from £2.04m to £2.44m for the year ended June 30, 1980. Turnover improved by £2.37m to £25.52m.

Current bookings for the company's autumn programme are broadly comparable with 1979, the directors state, but reflect the continuing trend towards UK holidays.

However, they are optimistic the group will again be able to make satisfactory progress.

At the halfway stage profits had risen from £974,000 to £1.15m.

Following an EGM in June, which approved the start of industrial equipment leasing, contracts totalling £2.26m were finalised before the end of that month. Although the effect on the period's pre-tax profits was negligible it resulted in a reduction in the tax charge, which was down from £1.04m to £78,000.

The available balance was much higher at £2.36m against £995,000 giving earnings per 20p share of 39.36p (16.58p).

And the dividend is stepped up to 9p (7.5p) net with a final payment of 6.25p—the total will absorb £540,000 (£400,000).

Saga has recently launched a new range of UK and overseas holidays for families under the name "Take Five." Tour operating activities are also being extended into the U.S. where a programme for retired Americans will commence in 1982.

	1979-80 £000	1978-79 £000
Turnover	25,517	23,147
Operating profit	955	1,200
Exceptional loss†	—	419
Investment income	1,485	1,254
Pre-tax profits	2,440	2,035
Taxation	78	1,040
Profit after tax	2,362	995
Dividends	540	400
Retained	1,822	595

† On charter of a cruise ship.

● comment

Saga Holidays, the Northern-based family firm that specialises in holidays for the over '60s, has produced pre-tax profits which are marginally lower than last year, if the exceptional £419,000 loss in 1979 is taken out of the calculations. An 18 per cent increase in the company's investment income failed to completely compensate for the 20 per cent decline in operating profits. The company's decision to diversify into equipment leasing shortly before the year-end considerably reduced the tax bill, enabling the company to boost dividend payments and increase reserves by £1,822,000. Retained profits will be used to expand the company's leasing activities since these give a return that is about 2 per cent higher than local authority bonds, in which the company is currently investing £11.5m, as well as cutting taxes. Responding to the dividend increase the shares moved up by 17p to 205p at which level they yield 6.4 per cent.

Wilkins & Mitchell omits interim after £0.5m loss

ALTHOUGH TURNOVER was maintained at £25.6m, Wilkins and Mitchell, maker of domestic appliances and power presses, incurred a pre-tax loss of £498,000 for the first half of 1980, compared with profits of £148,000 last time, and no interim dividend is being paid.

In 1979, a second-half loss of £141,000 trimmed the full-year taxable surplus to £7,000 (£339,000). An interim dividend of 0.75p net was followed by a 1.5p final.

The directors say the disappointing half-year figures reflect the continuing problems that beset engineering manufacturing companies both in trading conditions and exceptionally high interest charges. Interest paid for the period jumped from £156,000 to £472,000.

During the six months, the company terminated its manufacturing activities in Glasgow and provision for these costs has been included as an extraordinary debit of £400,000 this time.

No tax is payable, against a £86,000 charge last time, and there was an attributable loss of £885,000, compared with £32,000 profits. Loss per 25p share was 7.8p (3.61p earnings).

The washing machine company has a range of products which is enabling it to maintain its position in the market, but satisfactory profits will only be earned once conditions, and particularly the crippling cost of financing charges, improve, the directors state.

However, steps have been taken to control the company's cash position and to ensure the viability of the group during the present recessionary period.

● comment

Wilkins and Mitchell is set to wipe out a fair chunk of its reserves this year. Retailer destocking in the second quarter caught the company totally on the wrong foot and stocks of Servis machines rose some £4m or £5m above normal. Wilkins and Mitchell was on the treadmill of financing sharply higher stocks with bank debt while sales crumbled. Drastic action was taken in the third quarter with the shutdown of the washing machine factory for six weeks. While this redressed the balance on stocks, the remedy was not kind to the p and l account and the closing six months of the year will produce further substantial losses. The power press business should improve somewhat now that the loss-making Glasgow plant has been closed, but even so it is difficult to see power presses producing much, if any, profit during the second half for the high export content in sales has come under severe pressure from the strong pound. Overall recovery seems a long way off and capital gearing at the year-end is bound to be higher than last year's near 70 per cent of shareholders' funds. At 24p, par value is 25p, the market capitalisation of £1½m says it all.

Half-year setback for N. Hay

Pre-tax profits of Norman Hay, electro-plating engineer, fell back in the first half of 1980 from £240,000 to £177,000. Turnover for the period was static at £2.2m, compared with £2.1m a year earlier.

The chairman, Mr. Leslie Titcumb, says that due to the recession which continues to bite harder as the year progresses, it would be unwise to make any predictions as to the final results for 1980.

The interim dividend is being reduced from 1.5p to 1.25p net —last year's total was 3.35p

Tax for the six months was lower at £92,000 (£124,000) leaving stated earnings per 10p share of 2.12p (2.9p).

LONDON TRADED OPTIONS

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	330	148	5	160	—	—	—	466p
BP	360	122	19	134	—	—	—	"
BP	390	90	55	108	56	—	—	"
BP	420	66	41	82	40	98	50	"
BP	460	44	74	56	21	72	—	"
Com. Union	140	33	9	39	—	43	—	163p
Com. Union	160	18	—	25	1	30	—	"
Com. Union	180	8	5	16	1	21	—	"
Cons. Gold	600	75	—	95	3	115	—	620p
Cons. Gold	650	45	14	65	—	80	—	"
Cons. Gold	700	23	4	40	—	—	—	"
Courtaulds	50	21	25	20½	—	—	—	66p
Courtaulds	60	12	19	14½	2	17½	6	"
Courtaulds	70	5½	26	10	—	12½	6	"
Courtaulds	80	3½	2	—	—	—	—	"
GEC	460	155	—	155	11	—	—	565p
GEC	500	103	5	123	—	142	—	"
GEC	550	65	125	88	—	107	—	"
GEC	600	35	42	58	20	80	20	"
Grand Met.	140	28	—	34	20	38	—	160p
Grand Met.	160	15	69	23	—	26	2	"
Grand Met.	180	6	10	11½	—	—	—	"
ICI	300	43	—	54	10	60	10	324p
ICI	330	25	35	34	17	41	12	"
ICI	360	10	4	19	10	—	—	"
ICI	390	6	9	11	—	—	—	"
Land Secs.	325	30	11	—	—	—	—	385p
Land Secs.	353	33	10	—	—	—	—	"
Land Secs.	390	27	28	46	1	56	—	"
Land Secs.	420	16	14	31	10	—	—	"
Marks & Sp.	90	29	1	54	—	—	—	115p
Marks & Sp.	100	21	116	26	—	30	—	"
Marks & Sp.	110	15	171	18	5	22½	—	"
Marks & Sp.	120	7	9	12	—	15½	4	"
Shell	420	72	25	85	—	98	—	465p
Shell	460	44	6	60	1	72	—	"
Totals			979		289		106	
		November		February		May		
Imperial Gp.	70	7½	5	12	—	14½	17	76p
Imperial Gp.	80	2	—	6½	2	9½	—	"
Imperial Gp.	90	½	5	3	8	5	—	"
Lonrho	74	43	—	51	2	—	—	115p
Lonrho	84	33	16	41	—	—	—	"
Lonrho	94	23	21	31	1	—	—	"
Lonrho	100	—	—	—	—	31	1	"
Lonrho	104	13	—	22	13	—	—	"
Lonrho	110	—	—	—	—	22	3	"
Lonrho	114	7½	25	15	5	—	—	"
Lonrho	120	4	12	12	—	18	2	"
P & O	120	9½	16	16	10	20	—	125p
P & O	130	4½	1	11	11	13½	—	"
Racal Elec.	220	152	10	—	—	—	—	345p
Racal Elec.	260	72	46	87	—	100	—	"
Racal Elec.	300	52	15	71	25	85	—	"
Racal Elec.	330	28	20	50	1	65	—	"
Racal Elec.	360	12	36	33	3	48	—	"
RTZ	324	148	1	—	—	—	—	466p
RTZ	354	118	3	155	—	—	—	"
RTZ	454	24	1	45	—	70	—	"
RTZ	494	10	8	27	8	50	—	"
Totals			250		90		27	

UK COMPANY NEWS

McKechnie Bros. figures eroded by UK divisions

ALTHOUGH second half pre-tax profits of McKechnie Brothers fell from £8.66m to £7.21m, figures for the full year to July 31, 1980 rose from £15.12m to £15.45m. Sales improved substantially from £121.1m to £138.8m.

Although UK activities of this engineer and manufacturer of non-ferrous metals and chemicals did not produce such high profits as in the previous year, oversea. interests produced excellent results. The chairman says prospects for 1980-81 remain good overseas, but the severe recession in the UK and the uncertainty about its duration make forecasting impossible.

The pre-tax figure includes associate companies share of £5.65m (£3.71m) but is after interest of £2.28m (£1.26m). After tax up from £4.81m to £5.6m and deducting minority interests amounting to £328,000 (£292,000), attributable profit before extraordinary items was £9.53m (£10.01m) and £9.38m (£9.82m) after.

Stated earnings per 25p are 21.9p (23.3p) before extra-ordinary items, and 21.6p (22.9p) after.

Profits excludes appreciation on unsold metal stock totalling £172,000 (£754,000) after tax, which is credited to stock reserves.

On a CCA basis, pre-tax profits are reduced to £8.24m (£9.16m).

The final dividend is raised from 4.93p to 5.2765p for a total of 7.2765p (6.93p).

● comment

McKechnie Brothers has increased its trading profits by about 9 per cent despite the severe effects of the recession on its UK business. But pre-tax earnings are only 2.2 per cent ahead, held down by an 80 per cent rise in interest charges. These reflect £3.5m of extra debt—taking the gearing to 17.9 per cent — which was needed to support abnormally high metal stocks as UK sales fell away. Although there are signs that the de-stocking cycle may now begin to unwind, the UK factories are still working well below capacity. The ability to produce increased total earnings while UK profits have fallen by around 15 per cent is explained by the geographical spread of the company's interests, with 43 per cent of last year's pre-tax earnings generated overseas. One worry may be the long-term stability of this, given that three-quarters of the overseas earnings now come from South Africa. The shares rose 3p on the news, to 110p, for a yield of 9.9 per cent. The fully-taxed p/e is about 6.5, rating the shares rather higher than the rest of the sector.

NEWS ANALYSIS—NEW BID FOR CORAL LEISURE

Bass sees chance to diversify

BY DAVID CHURCHILL AND JOHN MOORE

Grand Metropolitan's decision yesterday not to go ahead with its agreed share bid for Coral Leisure, following the referral of the bid to the Monopolies Commission, opened the way for Bass to fulfil a long-standing aim of expanding its interests in the leisure industry.

The logic of the move has become more pressing given the very poor summer for beer sales —down by nearly 20 per cent in August, mainly as a result of the poor weather — which obviously increased the brewer's wish to diversify.

For Bass, one of the main attractions of Coral is the Centre Hotel chain, which would provide a London base to complement its existing Crest Hotel chain in the provinces. Bass estimates that the acquisition of Coral's hotels will make it the second largest hotel operator in the UK—although still a long way behind Trusthouse Forte—with about 3 per cent of the hotel market in London and 1.5 per cent in the provinces.

The Pontins holiday camps, which Coral acquired in 1978, are also extremely attractive for Bass. If the recession continues to bite, then the value-for-money holidays offered by Pontins both at home and in Europe could prove increasingly attractive to budget-conscious holidaymakers. Perhaps most important of all, Bass will also be able to market its beer through Pontins outlets.

The logic of the acquisition of betting shops and casinos, however, seems less clear for Bass although it does give them a broader base in the leisure field especially as Coral has other diverse leisure interests, such as bingo and social clubs, greyhound tracks, and squash and marina interests.

In the brewery trade, Bass's move for Coral did not come as a real surprise given its clear aim of expansion into leisure markets. However, the key question was whether the betting shops really fitted in with Bass's existing management style.

It seems unlikely that the merger will be referred to the Monopolies and Mergers Commission in the way that the Grand Metropolitan bid was. The only area of overlap is in the hotels side and since Bass's hotel interests will still be much smaller than THF, the effect on competition would be minimal.

The decision by Grand Metropolitan to pull out came as little surprise.

It was not prepared to wait the six months or so for the Monopolies Commission decision, which, if favourable, might have encouraged it to go ahead with the deal. Such a wait was described yesterday as "bad for us and our shareholders and bad for Coral."

Grand Metropolitan added that while Coral had presented an "interesting opportunity, it was not a vital development of a strategic kind for us."

Grand Metropolitan, with interests ranging from Express Dairy milk to Mecca betting shops, Watneys and Truman beer and hotels, emerged as a bidder in a somewhat opportunist manner.

The approach was made just before a casino licence hearing was due for three of the group's London casinos. At that hearing the group was stripped of licences for three of its lucrative London casinos in September following police raids last year. These are under appeal. There had also been a profits slump for the half year ending June from £5.85m to £327,000.

If it had succeeded, the deal would have given Grand Met a chain of large, well-established betting shops to add to its existing operation.

The Pontins holiday interests, which provided Coral with 29 per cent of its trading profits, would have supplied an outlet for its beer; and the bingo side would have been a useful extension of Grand Met's activities.

Taj Hotels of India had expressed a desire to buy Coral's hotels and its Old Kentucky restaurants for £30m. But Grand Met had these talks stopped and offered to buy the hotels itself if its bid for all of Coral failed, assuming that some other party did not make a higher offer.

Although the ball is now in Coral's court it seems highly unlikely that Grand Met will be obliged to fulfil its moral commitment to take on Coral's hotels in the absence of any other bidder.

Spencer Gears trimmed

With interest charges up from £78,176 to £231,490 in the year to end-June, 1980, taxable profits of Spencer Gears (Holdings) slipped from £450,363 to £429,421 in the period—although the figure was still above the board's forecast of last August when it said pre-tax profits would not be less than £400,000.

At mid-year, this general engineer and manufacturer of industrial gears reported a taxable surplus up from £123,305 to £181,000.

The directors say that despite the gloom in many sections of British manufacturing industry, the company has made a good start to the current year with turnover higher than in the first quarter of 1979-80.

Sales for the 12 months advanced by 34 per cent to £6.7m (£4.97m) while trading profits increased to £660,911 (£528,539), a rise of 25 per cent.

A final dividend of 0.65p (same) brings the total up to 1p net, as forecast, compared with 0.9p a year earlier.

After a lower tax charge of £36,718 (£71,258), the net surplus came out higher at £392,703, against £379,105, and stated earnings per 5p share are up from 4.15p to 4.3p on a diluted tax charge and down from 2.34p to 2.19p on a full tax charge.

Spencer Gears has completed its move into its new building at Leicester and following restructuring of the management early in the current year, the outlook for increased production of high quality gears has improved.

BANK RETURN

	Wednesday October 22 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	35,965,509	+ 320,135
Bankers Deposits	547,564,608	+ 45,250,836
Reserve & other Accounts	660,929,220	— 16,028,906
	1,259,012,337	+ 29,542,065
ASSETS		
Government Securities	327,215,856	— 71,975,000
Advances & Other Accounts	579,856,022	+ 261,541,583
Premises Equipment & Other Secs.	330,494,090	— 166,515,387
Notes	21,153,350	+ 8,523,932
Coin	293,019	— 33,063
	1,259,012,337	+ 29,542,065
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,125,000,000	— 25,000,000
In Circulation	10,103,846,650	— 33,523,932
In Banking Department	21,153,350	+ 8,523,932
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,918,024,279	— 699,813,630
Other Securities	2,195,960,621	+ 674,813,630
	10,125,000,000	— 25,000,000

Decrease at Portsmouth Sunderland

ADVERSELY AFFECTED by a loss of £500,000 arising from the national NGA dispute, pre-tax profits of Portsmouth and Sunderland Newspapers fell from £1.83m to £1.3m for the 26 weeks to September 27, 1980 on increased turnover of £10.25m, against £8.7m. In the first quarter, profits of this newspaper proprietor and publisher had dropped from £967,000 to £756,000.

Current cost pre-tax profits for the half year were down from £1.39m to £0.57m and with tax taking £653,000 (£925,000), there was an attributable deficit of £80,000 (£463,000 profits) on this basis.

Historical attributable profits slipped from £902,000 to £643,000 and earnings per 25p share were 5.3p (7.5p). The interim dividend is held at 1p net—the total last time was 3.25p on record £3.99m taxable profits.

The interim pre-tax result included more than doubled interest on short-term deposits of £204,000 (£94,000) but lower investment income of £128,000 (£148,000).

J. Smart in line with forecast

Taxable profits of J. Smart (Contractors) edged ahead in the 12 months to July 31, 1980, from £1.27m to £1.39m. Turnover for the period rose by £1.5m to £13.9m.

The advance in profits is in line with the directors' interim statement when they forecast a taxable surplus for the year of not less than £1.3m.

A final dividend of 2.3p, again as foreshadowed, brings the total up to 3.16p net, compared with 2.75p a year earlier.

After tax for the 12 months of £699,999 (£655,944) stated earnings per 10p share are 6.82p (6.13p).

The company's principle activity is building and public works contracting.

Favourable trading at Smith Bros.

Mr. Anthony Lewis, chairman of Smith Bros., jobbers, told shareholders at yesterday's annual meeting that the favourable trading conditions, which resulted in the recovery in the second half of last year, had continued into the opening months of the current year.

Replying to a question about the group's plans to have an outside non-executive director appointed to the Board, Mr. Lewis said that the initial application to the Stock Exchange Council had been turned down.

The additional director, a consultant, had been identified, but Mr. Lewis said there were complications concerning the unlimited liability status of members of jobbing firms.

Doubled profit from Tyzack

A SECOND-HALF recovery from losses of £26,570 to profits of £21,640 has left W. Tyzack, Sons and Turner with a pre-tax surplus of £66,000 against £31,000 for the year to July 26, 1980. At midway, the surplus was down from £57,570 to £44,360.

While the figure shows an increase, say the directors, it still falls short of their aspirations: the group's profits peaked at £400,254 in 1974-75.

Nevertheless, the dividend is doubled at 2.5p—last year's final was omitted.

Although turnover is down from £5.14m to £4.6m, this represents volume growth of 8.4 per cent, say the directors, after allowance for price increases and the deduction from last year's figure of sales of garden tools, which activity has been disposed of.

After tax credits of £19,000 (£6,000), stated earnings per 25p share are up 2.8p at 4.9p.

Sohio ahead

STANDARD OIL of Ohio, BP's North Amercian affiliate, had an 18 per cent rise in third quarter net profits to $433.3m, on revenues up 21 per cent to $2.54bn. This brought the nine months profits to $1.34bn on sales of £8bn from £735m on $5.6b.n

BIDS AND DEALS

Transport Development Group named as suitor for Giltspur

BY RAY MAUGHAN

THE SOURCE of the mystery approach to Giltspur was revealed yesterday as Transport Development Group outlined terms of an offer worth £22m.

TDG also disclosed that Mr. Maxwell Joseph, chairman of Giltspur until the beginning of July and now a non-executive director, has intimated that he will accept the offer in respect of his personal 23 per cent holding "in the absence of a materially higher offer being forthcoming." Mr. Joseph is still chairman of Grand Metropolitan which hold a further 6.6 per cent stake.

The rest of the board, headed by Mr. Ernest Sharp, were studying the terms last night. TDG is preparing to offer 100 shares and $54 nominal 9½ per cent unsecured loan stock, 1995-2000, for every 100 Ordinary Giltspur shares. It has confirmed to the Giltspur Board that it "would be prepared to proceed with such an offer, subject to the offer carrying their recommendation."

Taking the TDG Ordinary share price of 79½p and the loan stock at £70, the deal values each Giltspur share at 117p. The Giltspur price rose 20p to 105p on Monday when the presence of an unidentified suitor was first announced, and climbed a further 5p to 110p yesterday.

The chairman and chief executive of TDG, Mr. J. B. Duncan, said that he had first expressed interest in Giltspur when Mr. Joseph was still chairman, "just on the basis of the possibilities." Talks between the two sides started last week.

Giltspur made profits of £5.43m against £5.37m in the year to March 31 last before interest charges of £849,000. International exhibition and display services provided the lion's share with a £2.74m trading profit contribution. International and freight forwarding, packing and transport made a further £933,000.

TDG has strong interests in both areas and Mr. Duncan said the respective activities of each company are complementary. In addition, Giltspur has a thriving business in the North American exhibition market where TDG is seeking to establish a foothold.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Aryshire Metal Products, Berec, Central and Sheerwood, Clayton Son, General Scottish Trust, Lowland Drapery, Minster Assets, W. L. Pawson, Spirax-Sarco Engineering, E. Upton, Websters.

Finals—Highland Electronics, Peters Stores.

FUTURE DATES

Interims—	
Aquascutum	Nov. 12
Associated Leisure	Nov. 18
Bambers Stores	Oct. 30
Boosey and Hawkes	Oct. 30
De La Rue	Nov. 11
Fidelity Radio	Oct. 29
Gears Gross	Oct. 29
London Trust	Nov. 5
Richardsons, Westgarth	Oct. 29
Roberts, Adlard	Nov. 4
Shiloh Spinners	Nov. 12
Final—	
British Car Auction	Oct. 28

Mining Supplies now has control of Laurence Scott

MINING SUPPLIES, the Doncaster-based mining machinery manufacturer, has won control of Laurence Scott, the Norwich electrical machinery group.

Mining Supplies announced yesterday that it controlled just over 64 per cent of the Scott shares, and the bid has been declared unconditional. At the request of the Takeover Panel, Mining Supplies has extended the cash offer to November 5.

This move follows a letter from Scott directors to the Panel complaining that the all cash offer was set to close on October 22, while the share offer—which is now worth less than the cash alternative—was extended.

Scott shareholders with 28.94 per cent of the shares have accepted the 60p per share cash offer, with a further 7.38 per cent taking up the share exchange offer. Together with shares purchased in the market and the 27 per cent stake purchased by Mining Supplies in a "dawn raid" in the market earlier this year the group now controls some 64.2 per cent of the Scott equity.

ASSOCIATE DEALS

Halliday, Simpson and Company has purchased 50,000 Bernard Wardle and Company shares at 29p on behalf of Birmingham and Midland Counties Trust, an associate of Ferguson Investments.

Halliday, Simpson and Co. has purchased 10,000 Bernard Wardle and Co. shares at 29p on behalf of Birmingham and Midland Counties Trust, an associate of Ferguson Investments.

Capel-Cure Myers purchased on October 20, 10,000 shares of Tanjong Tin Dredging at 120p per share on behalf of Tien Ik Enterprises Sdn Berhad.

No probe for Pergamon/BPC

The acquisition by Pergamon Press of a substantial minority shareholding in BPC will not be referred to the Monopolies and Mergers Commission.

FURNESS WITHY/ MANCHESTER LINERS

Meetings of holders of Manchester Liners ordinary and preference shares are to be held on November 17 in order to consider and, if thought fit, approve, a scheme of arrangement whereby Furness Withy and Co., which already owns 99.2 per cent and 83 per cent of the ordinary and preference capital respectively, will become the holder of the whole of both share capitals of Manchester.

Under the proposals, ordinary shareholders will receive from Furness 220p in cash per share, and preference holders will receive 61p cash.

Furness is not entitled to vote at either meeting.

ELECTRA INV./ MACKENZIE KING

Electra Investment Trust, in accordance with its declared policy of investing in unquoted companies, has taken a minority interest in Mackenzie King Holdings of Guilden Sutton, Chester, investing a total of £300,000.

Mystery buyer of Sun Life stake revealed

BY ERIC SHORT

THE MYSTERY buyer on Wednesday of the Kuwait Investment Office's 9.59 per cent shareholding in Sun Life Assurance Society emerged yesterday as the Liberty Life Association of Africa, the largest quoted and third largest overall life company in South Africa.

Altogether, Liberty has acquired 5,875,000 shares in Sun Life — 10.2 per cent of the equity — in a deal costing approximately £15m. As a result of the deal, Liberty Life is now the largest single shareholder in Sun Life, whose shares rose 1p yesterday to 243p.

Liberty emphasised that the acquiistion was intended to be a long-term investment and that it was not presently contemplated that the company would participate in the direction or management of Sun Life.

Mr. Donald Gordon, Liberty's founder and chairman, stated that his company was seeking to expand its investments worldwide. It liked the investment potential of the UK life assurance industry and it had taken the opportunity of securing a holding of taking control of Sun Life or even seeking a seat on the Board at this stage.

Mr. Richard Zamboni, the managing director of Sun Life, stated that his company regarded this move as a straight share swop from one institution to another. This never caused problems in the past and the company had no reason to believe that it would now. S un Life had no business in South Africa and no intention of operating in that country. Investments in South Africa were minimal.

Liberty Life is by far the fastest growing life company in South Africa and is by far the largest company in its parent Liberty Holdings, which has 81 per cent of the share capital of Liberty Life.

The company itself was founded in 1957 by Donald Gordon, but in 1964 Guardian Assurance, now a member of the UK composite Guardian Royal Exchange, acquired 75 per cent of the capital. GRE relinquished control in 1978, but still has a 10 per cent shareholding in Liberty Holdings.

Liberty Life's other major shareholding outside of South Africa is a 25 per cent stake in the Canadian Montreal Life, with GRE holding the remainder.

Avon may sell its medical subsidiary

Avon Rubber Company states that it is currently involved in discussions which may lead to the sale of its wholly-owned subsidiary, Avon Medicals.

Avon Medicals specialises in the development and manufacture of sterile disposable plastics equipment for the needs of modern medicine and surgery.

In the year to September 29, 1979, pre-tax profits of medical company were up from £229,000 to £255,000, but Lord Farnham, the chairman said in his annual report that there had been severe cutbacks in demand by the National Health Service.

As a result of this and increased competition in all markets, margins were reduced and profit growth was disappointing.

He said product and process developments should contribute to an improved performance in the 1979-80 year.

Clifton Invst. pays £0.6m for Taddale Hldgs.

Clifton Investments and Taddale Holdings announce that terms have been agreed in principle, whereby Clifton will acquire Taddale Properties—a wholly-owned subsidiary of Taddale Holdings.

Consideration will be £600,000, to be satisfied by the issue of 6m ordinary shares in Clifton.

Taddale Properties is a property investment company, whose net assets as at April 30, 1980, amounted to £623,731. Pre-tax profits for the year to April 30, 1980, were £70,610. Following this acquisition, Clifton will carry on business as a property investment and dealing company.

It is proposed to apply to the Stock Exchange for a requotation of the enlarged share capital of Clifton, by way of a re-introduction immediately following the shareholders' approval.

Reject boardroom moves urges Lilleshall chairman

Mr. Alan Pike, chairman of Lilleshall, a Shropshire-based steel and engineering group, has written to shareholders urging them to reject proposals by a group of shareholders for the removal of three of the company's directors at an extraordinary meeting on October 31.

The group—led by Mr. Jerrold Moser, a London solicitor, and claiming 22 per cent of the company's shares—is seeking to remove Mr. David Graham Wood, Mr. Christopher Harmer, and Mr. Jim Kilby. In their place the group — which acts under the name of Nominal, and Overseas Agencies (Jersey)—wants Mr. John Boulton, a former Firestone Tyre executive and McKinsey management consultant, appointed to the board.

In his letter Mr. Pike says "the present board is functioning well and is managing your company effectively. Each of the directors proposed for removal has made and continues to make a valuable contribution to the board's deliberations."

Mr. Pike says that in January this year, "we saw no benefit from the proposed appointment of Mr. Boulton as an additional non-executive director and nothing has caused us to change this view.

"We still do not know despite repeated requests and inquiries, the identity behind Nominal and Overseas Agencies (Jersey)," says Mr. Pike.

Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Orange Free State

Reports of the directors for the quarter ended September 30 1980.

FREE STATE GEDULD

Free State Geduld Mines Limited

ISSUED CAPITAL: 10 440 000 shares of 50 cents each

	Quarter ended Sept. 1980	Quarter ended June 1980	Year ended Sept. 1980
OPERATING RESULTS			
GOLD			
Area mined—square metres 000s	141	144	542
Tons milled 000s	799	763	2 959
Yield—g/t	9.58	11.17	11.50
Production kg	7 653	8 521	34 036
Cost—R/m² mined	218.11	203.13	210.38
—R/ton milled	38.60	38.32	38.53
—R/kg produced	4 030	3 431	3 350
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	623	645	2 491
Head grade:			
gold—g/t	0.47	0.49	0.49
uranium—kg/t	0.09	0.09	0.09
sulphur—per cent	0.93	1.03	0.99
PRICE RECEIVED ON SALES			
Gold—R/kg	15 793	13 685	13 804
—$/oz	647	541	537
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	122 594	124 384	479 162
—Costs	30 844	29 236	114 024
—Profit	91 750	95 148	365 138
Joint Metallurgical Scheme profit	1 499	1 568	5 808
Net sundry income	1 929	2 283	7 547
Profit before taxation and State's share of profit	95 178	98 999	378 493
Provision for taxation and State's share of profit	37 255	51 741	190 088
Profit after taxation and State's share of profit	57 923	47 258	188 405
Deduct:			
Appropriation for capital expenditure			87 303
Dividend—interim			49,590
—final			[illegible]
Retained profit for the year			[illegible]
Capital expenditure:			
—Mine	[illegible]	[illegible]	[illegible]
—Joint Metallurgical Scheme	[illegible]	[illegible]	[illegible]

SHAFT SINKING [illegible]

DEVELOPMENT [illegible]

ORE RESERVES (See note 1) [illegible]

DIVIDENDS
Details of the dividends declared in respect of the year ended September 30 1980 are as follows:

	Dividend No. 46 (Interim)	Dividend No. 47 (Final)
Declared	April 17	October 23
A share	475 cents	475 cents
Payable to shareholders registered	May 2 1980	November 7 1980
Payment date	June 6 1980	December 12 1980

CAPITAL EXPENDITURE COMMITMENTS
Orders placed and outstanding on capital contracts as at September 30 1980 totalled R33 946 000.

For and on behalf of the board
G. LANGTON, G. S. YOUNG — Directors

October 24 1980

PRESIDENT STEYN

President Steyn Gold Mining Company Limited and its wholly-owned subsidiary, Video Mining Company Limited

ISSUED CAPITAL: 14 566 400 shares of 50 cents each

	Quarter ended Sept. 1980	Quarter ended June 1980	Year ended Sept. 1980
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	196	184	711
Tons milled 000's	1 033	962	3 779
Yield—g/t	6.60	7.23	6.91
Production—kg	6 816	6 954	26 093
Cost—R/m² mined	177.93	168.95	174.99
—R/ton milled	33.76	32.30	32.92
—R/kg produced	5 116	4 468	4 768
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	1 224	1 284	4 943
Head grade			
gold—g/t	0.65	0.61	0.62
uranium—kg/t	0.10	0.10	0.11
sulphur—per cent	0.75	0.76	0.78
PRICE RECEIVED ON SALES			
Gold—R/kg	15 916	13 802	14 227
—$/oz	654	547	560
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	112 158	98 853	377 893
—Costs	34 874	31 068	124 421
—Profit	77 284	67 785	253 472
Joint Metallurgical Scheme profit	2 482	2 281	9 888
Net sundry income	5 420	4 583	17 517
Profit before taxation and State's share of profit	85 156	74 609	280 877
Provision for taxation and State's share of profit	42 185	40 467	149 078
Profit after taxation and State's share of profit	42 971	34 142	131 799
Deduct:			
Appropriation for capital expenditure			31 748
Dividend—Interim			40 786
—Final			56 091
Retained profit for the nine months			3 184
Capital expenditure:			
—Mine	11 208	7 091	29 048
—Joint Metallurgical Scheme	1 636	394	2 577
Tonnage milled and treated for President Brand on a cost plus service charge basis	—	—	47 300

PRESIDENT STEYN—Continued

SHAFT SINKING [illegible]

DEVELOPMENT [illegible]

ORE RESERVES (See note 1) [illegible]

DIVIDENDS [illegible]

Declared	April 17	[illegible]
A share	280 cents	385 cents
Payable to shareholders registered	May 2 1980	November 7 1980
Payment date	June 6 1980	December 12 1980

CAPITAL EXPENDITURE COMMITMENTS
Orders placed and outstanding on capital contracts as at September 30 1980 totalled R14 442 000.

For and on behalf of the board
D. A. ETHEREDGE, G. S. YOUNG — Directors

October 24 1980

WELKOM

Welkom Gold Mining Company Limited

ISSUED CAPITAL: 12 250 000 shares of 50 cents each

	Quarter ended Sept. 1980	Quarter ended June 1980	Year ended Sept. 1980
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	133	123	487
*Tons milled 000's	629	566	2 278
Yield—g/t	4.87	4.65	4.88
Production—kg	3 065	2 633	11 120
Cost—R/m² mined	142.71	139.67	140.57
—R/ton milled	30.17	30.35	30.05
—R/kg produced	6 192	6 524	6 156
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	326	364	1 283
Head grade			
gold—g/t	0.70	0.70	0.70
uranium—kg/t	0.20	0.20	0.20
sulphur—per cent	0.37	0.40	0.40
PRICE RECEIVED ON SALES			
Gold—R/kg	15 745	13 768	14 154
—$/oz	647	544	554
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	49 079	38 148	160 468
—Costs	18 980	17 179	68 460
—Profit	30 099	20 969	92 008
Joint Metallurgical Scheme profit	1 214	915	4 209
Net sundry income	806	770	2 695
Profit before taxation and State's share of profit	32 119	22 654	98 932
Provision for taxation and State's share of profit	17 904	11 965	54 244
Profit after taxation and State's share of profit	14 215	10 689	44 688
Deduct:			
Appropriation for capital expenditure			8 907
Dividend—Interim			15 925
—final			18 375
Retained profit for the year			1 481
Capital expenditure:			
—Mine	3 446	2 148	8 569
—Joint Metallurgical Scheme	16	32	56

* Includes 62 821 tons of ore sent to Free State Geduld Mines Limited during the quarter for milling and treatment to utilise surplus mill capacity at that mine.

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area							
Basal reef							
No. 1	4 571	426	8.8	88.75	781	1.30	11.46
No. 2	1 431	58	28.1	33.17	932	0.49	13.77
No. 3	618	12	8.0	40.75	326	0.56	4.50
[illegible]							

ORE RESERVES [illegible]

DIVIDENDS [illegible]

CAPITAL EXPENDITURE COMMITMENTS
Orders placed and outstanding on capital contracts as at September 30 1980 totalled R 29 606 000 of which R3 755 000 was in respect of the metallurgical complex.

For and on behalf of the board
D. A. ETHEREDGE, G. S. YOUNG — Directors

October 24 1980

PRESIDENT BRAND

President Brand Gold Mining Company Limited

ISSUED CAPITAL: 14 040 000 units of stock of 50 cents each

	Quarter ended Sept. 1980	Quarter ended June 1980	Year ended Sept. 1980
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	166	164	624
*Tons milled 000's	840	820	3 328
Yield—g/t	9.01	9.18	9.18
Production—kg	7 570	7 526	30 544
Cost—R/m² mined	155.60	151.82	163.20
—R/ton milled	30.75	32.37	30.80
—R/kg produced	3 412	3 526	3 334
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	988	1 066	3 840
Head grade:			
gold—g/t	0.54	0.56	0.50
uranium—kg/t	0.12	0.12	0.11
sulphur—per cent	0.97	0.94	0.99
PRICE RECEIVED ON SALES			
Gold—R/kg	15 741	13 838	13 961
—$/oz	647	547	548
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	121 595	110 747	433 416
—Costs	25 830	26 539	101 839
—Profit	95 765	84 208	331 577
Joint Metallurgical Scheme profit	3 816	3 537	13 227
Net sundry expenditure	2 766	2 114	9 589
Profit before taxation and State's share of profit	96 815	85 631	335 215
Provision for taxation and State's share of profit	36 327	42 229	151 836
Profit after taxation and State's share of profit	60 288	43 402	183 379
Deduct:			
Appropriation for capital expenditure			83 127
Dividend—interim			44 928
—final			52 650
Retained profit for the year			2 674
Capital expenditure:			
—Mine	17 806	5 751	32 951
—Joint Metallurgical Scheme	14 526	10 064	47 080
CONSOLIDATED PROFIT			
Consolidated profit after taxation and State's share of profit of the company and its subsidiary, Free State Saaiplaas Gold Mining Company Limited—after allowing for minority shareholders' interest	64 993	48 273	197 459
*Tons milled includes ore milled and treated by President Steyn Gold Mining Company Limited at cost plus a service charge	—	—	47 300

SHAFT SINKING [illegible]

DEVELOPMENT [illegible]

ORE RESERVES (See Note 1) [illegible]

DIVIDENDS
Details of the dividends declared in respect of the year ended September 30 1980 are as follows: [illegible]

CAPITAL EXPENDITURE COMMITMENTS
Orders placed and outstanding on capital contracts as at September 30 1980 totalled R 29 606 000 of which R3 755 000 was in respect of the metallurgical complex.

For and on behalf of the board
D. A. ETHEREDGE, G. S. YOUNG — Directors

October 24 1980

JOINT METALLURGICAL SCHEME

	Quarter ended Sept. 1980	Quarter ended June 1980	Year ended Sept. 1980
SUMMARY			
(i) Pyrite flotation plants			
slimes treated—tons	4 604 000	4 679 000	18 174 000
(ii) Uranium plant			
slimes treated—tons	1 441 000	1 584 000	4 836 000
concentrate treated—tons	102 000	105 000	411 000
uranium oxide produced—kg	257 688	244 815	854 720
(iii) Acid plant			
acid produced—tons	67 404	88 514	326 254
(iv) Gold plant			
calcine treated—tons	64 209	77 549	286 308
gold produced—kg	487	608	2 265
(v) Profit—estimated R000's	11 557	10 735	42 151

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTES

1. ORE RESERVES
At June 30 1980 ore reserves were estimated at a pay limit based on a gold price of R12 000 (1979: R6 810) a kilogram. Also shown are ore reserve tonnages estimated at pay limits based on gold prices of R14 500 and R17 000 a kilogram to indicate the sensitivity of the ore reserves to gold price variations.
2. DIVIDENDS
Attention is directed to an announcement published in conjunction herewith relating to the declaration on Thursday, October 23 1980, of final dividends for the year ended September 30 1980.
3. DEVELOPMENT
Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

The Transvaal Group's results appear on another page in this newspaper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries: Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

FREE STATE SAAIPLAAS

Free State Saaiplaas Gold Mining Company Limited

ISSUED CAPITAL: 28 100 000 shares of R1 each

	Quarter ended Sept. 1980	Quarter ended June 1980	Year ended Sept. 1980
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	75	73	284
Tons milled 000's	510	484	1 661
Yield—g/t	2.69	2.48	2.81
Production—kg	1 375	1 201	4 665
Cost—R/m² mined	186.15	166.79	154.32
—R/ton milled	27.37	25.16	26.39
—R/kg produced	10 153	10 138	9 395
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	653	727	2 314
Head grade			
gold—g/t	0.25	0.27	0.28
uranium—kg/t	0.15	0.16	0.17
sulphur—per cent	0.65	0.65	0.68
PRICE RECEIVED ON SALES			
Gold—R/kg	15 791	13 653	14 162
—$/oz	649	540	557
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	22 257	16 877	67 210
—Costs	13 961	12 176	43 826
—Profit	8 296	4 701	23 384
Joint Metallurgical Scheme profit	1 089	865	3 806
Net sundry income	18	171	948
Profit before taxation and State's share of profit	9 403	5 737	28 138
Provision for taxation and State's share of profit	—	—	—
Profit after taxation and State's share of profit	9 403	5 737	28 138
Capital expenditure:			
—mine	10 888	10 509	48 770
—Joint Metallurgical Scheme	31	22	250

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area							
Basal reef							
No. 2	1 002	144	109.9	5.91	649	0.23	24.95
No. 3	6 329	224	75.5	16.12	1 217	0.48	36.49
Quarter ended Sept. 1980	7 331	368	89.0	11.18	995	0.36	31.98
Quarter ended June 1980	6 019	424	94.4	10.97	1 036	0.32	30.07
Year ended Sept. 1980	17 910	1 420	95.1	9.96	947	0.31	29.10
Leader reef [illegible]							

ORE RESERVES (See Note 1) [illegible]

	R 7 220	1 756	126.0	6.33	797	0.24	30.52
	R 7 630	1 997	127.1	6.06	770	0.23	29.33

CAPITAL EXPENDITURE COMMITMENTS
Orders placed and outstanding on capital contracts as at September 30 1980 totalled R11 601 000.

DEVELOPMENT OF A NEW MINE IN THE ERFDEEL/DANKBAARHEID AREA AND FORMATION OF A WESTERN HOLDINGS COMPLEX
Copies of the joint announcement which was published in the press on September 27 1980 have been posted to all members of the company.

For and on behalf of the board
D. A. ETHEREDGE, G. S. YOUNG — Directors

October 24 1980

WESTERN HOLDINGS

Western Holdings Limited

ISSUED CAPITAL: 7 496 376 shares of 50 cents each

	Quarter ended Sept. 1980	Quarter ended June 1980	Year ended Sept. 1980
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	183	172	675
Tons milled 000's	843	860	3 297
Yield—g/t	8.64	8.60	8.83
Production—kg	7 285	7 395	29 097
Cost—R/m² mined	139.59	143.20	139.58
—R/ton milled	30.30	28.64	28.58
—R/kg produced	3 507	3 330	3 238
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	1 085	1 109	4 426
Head grade			
gold—g/t	0.44	0.47	0.45
uranium—kg/t	0.09	0.09	0.09
sulphur—per cent	1.09	1.13	1.09
PRICE RECEIVED ON SALES			
Gold—R/kg	15 797	13 697	14 011
—$/oz	648	541	546
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	117 485	107 101	415 045
—Costs	25 545	24 630	94 214
—Profit	91 940	82 471	320 831
Joint Metallurgical Scheme profit	1 487	1 589	5 183
Net sundry income	7 311	3 940	16 643
Profit before taxation and State's share of profit	100 738	88 000	342 657
Provision for taxation and State's share of profit	64 467	56 507	219 140
Profit after taxation and State's share of profit	36 271	31 493	123 517
Deduct:			
Appropriation for capital expenditure			9 191
Dividend—interim			50 601
—final			61 845
Retained profit for the year			1 880
Capital expenditure:			
—mine	2 998	2 031	8 918
—Joint Metallurgical Scheme	5	125	229

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area							
Basal reef							
No. 1	1 065	20	26.6	220.64	5 869	0.41	10.97
No. 2	1 646	40	36.1	64.07	2 313	0.26	9.55
No. 3	2 195	236	47.9	14.68	703	0.11	5.08
No. 4	2 415	228	7.4	142.30	1 053	2.29	17.01
Quarter ended September 1980	7 321	524	28.6	41.12	1 176	0.38	10.84
Quarter ended June 1980	7 182	866	36.1	50.25	1 814	0.41	14.88
[illegible]							

ORE RESERVES (See note 1) [illegible]

DIVIDENDS
Details of the dividends declared in respect of the year ended September 30 1980 are as follows: [illegible]

CAPITAL EXPENDITURE COMMITMENTS
Orders placed and outstanding on capital contracts as at September 30 1980 totalled [illegible].

DEVELOPMENT OF A NEW MINE IN THE ERFDEEL/DANKBAARHEID AREA AND FORMATION OF A WESTERN HOLDINGS COMPLEX
Copies of the joint announcement which was published in the press on September 27 1980 have been posted to all members of the company.

For and on behalf of the board
G. LANGTON, G. S. YOUNG — Directors

October 24 1980

BUSINESSES FOR SALE

SMALL NORTH GLOS. ENGINEERING GROUP

RECEIVER APPOINTED

General Engineers, Steel Fabrication, Shot Blasting, Paint Spraying, Hard Electro Plating

Modern Freehold Premises and Plant - Business for sale as going concern

Write Box G6650, Financial Times 10 Cannon Street, EC4P 4BY

FELLMONGERY

For Sale Fellmongery for Imported Skins

Complete as workable unit. All services and machinery available. Capacity 20,000 skins per week (approx.) Sweating Process, Pickling, Wool Scouring and Enzyme Digestion

Contact: Mr. William Young, Managing Director, SANDERSON & MURRAY LTD. Buckholmside Skinworks, Galashiels, Scotland TD1 1PN. Telephone: 0896 2233/4/5

FOR SALE

Engineering /Fabrication Company

NORTH-WEST ENGLAND

Excellent purpose built workshops held on long lease at low rent. Turnover around £2m. Good profits. Outstanding prospects based on valuable contracts and connections.

Principals only apply to: Box G6660, Financial Times 10 Cannon Street, EC4P 4BY

BUILDING COMPANIES

PROFITABLE COMPANIES REQUIRED

Funds available to purchase for cash between £250,000 and £2,500,000

Write in confidence to Box G6627 Financial Times 10 Cannon Street, EC4P 4BY

SPECIALIST PRINTERS

TWO COMPANIES BASED POOLE AND SALISBURY

Turnover last 12 months £1.9m, assets include freehold in Salisbury, possibility of tax losses available. Will sell separately.

Write Box G6635, Financial Times 10 Cannon Street, EC4P 4BY

PRIVATE COMPANY

WITH TURNOVER £350,000

and net assets £100,000 involved in fireplace manufacture and heating, wishes to sell to small public quoted company with an ongoing equity participation. Existing management to stay for continued expansion. Principals only.

Write Box G6626, Financial Times 10 Canon Street, EC4P 4BY

THE BUSINESS is a Midland-based

SCRAP METAL PROCESSOR

With a turnover in excess of £750,000 per annum. Great potential for further expansion

Sale price of £300,000 envisaged

Write Box G6654, Financial Times 10 Cannon Street, EC4P 4BY

SUBSTANTIAL ENGINEERING/ FABRICATION COMPANY

Located in Manchester Area

For Sale with or without valuable prime site Freehold property including overhead cranage. Fully equipped with modern machinery. T O £750,000.

Write Box G6604, Financial Times. 10 Cannon Street, EC4P 4BY.

METAL FORMING

Large Group wishing to concentrate on main activities seeks sale as going concern of old established light engineering / metal forming business. Based East Anglia. Turnover £300,000 Profitable.

Principals only

Write Box G6646, Financial Times 10 Cannon Street, EC4P 4BY

Private Engineering Company

Turnover ½ Million

Manufacturers own designs. Profitable lines of capital equipment. Excellent potential for development. Owner wishes to pursue other interests.

Write Box G6661 Financial Times 10 Cannon Street, EC4P 4BY

EMPLOYMENT AGENCY

Pre-tax profits £150,000 from 8 branches. Accountancy, Insurance and technical recruitment. Immediate sale.

Principals only apply to. Box G6621, Financial Times 10 Cannon Street, EC4P 4BY

U.S. MANUFACTURING CO. MID-WEST LOCATION

American Manufacturer, own proprietary line Plastic Valves, Couplings and Pumps. Sales US$4m. Very stable business, high profits, no debt, very strong cash position. Excellent growth potential. First time offered since establishment 21 years ago. Principals only to apply stating qualifications/credentials.

Write Box G.6615, Financial Times, 10, Cannon Street, EC4P 4BY.

WELL-ESTABLISHED, fully licensed IATA Agency. Prestigious West End position. For sale. £300,000 turnover, etc. Write Box G.6647, Financial Times, 10 Cannon Street, EC4P 4BY.

SMALL STEEL STOCKHOLDERS business, including freehold for sale (Greater London area). Enquiries invited from Principals only. Write Box G.6657, Financial Times, 10 Cannon Street, EC4P 4BY.

HOTELS AND LICENSED PREMISES

ABINGDON, OXON

Large House and Flats with Vacant Possession and Planning Permission for a

HOTEL

Opportunity to acquire a character house with immense potential. Good road frontage close Town Centre and Heathrow, A40/M40 M4, Didcot BR. £155,000

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A FINANCIAL TIMES SURVEY

Midlands Property

December 5 1980

The Financial Times proposes to publish a Survey on Midlands Property in its edition of December 5th. The provisional editorial synopsis is set out below:

INTRODUCTION What impact will the current recession have on the Property Market? Some areas, particularly in the industrial West Midlands, have been hit hard—but there is an underlying resilience.

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Companies and Markets

MINING NEWS

Anglo's gold mines give a good performance

BY KENNETH MARSTON, MINING EDITOR

THE South African gold mines' September quarterly reporting season is brought to a close by the gold producers in the Anglo American Corporation group *with a flourish of higher profits* and some good final dividends from the Orange Free State mines for the year to September 30.

Outstanding among the dividends is Western Holdings' final of 825 cents (452p) which brings the past year's total to 1,500 cents against only 645 cents for 1978-79. Welkom's payment of 150 cents to make 280 cents against 110 cents meets the best expectations.

There will be some disappointment, however, with the final of 475 cents declared by Free State Geduld, although this brings the past year's total to 950 cents against only 420 cents for the previous 12 months. The latest payments are compared in the following table.

	1980 final cents	1980 int. cents	1979 final cents	1979 int. cents
F.S. Geduld .	475	475	235	185
Pres. Brand .	375	320	180	115
Pres. Steyn .	385	280	117.5	65
W. Holdings	825	675	375	270
Welkom	150	130	67.5	42.5

An interim dividend of 100 cents for the year to next March is declared by East Rand Gold and Uranium (ERGO). For the previous year the mine dumps retreatment operation declared an interim of 25 cents followed by a final of 85 cents.

As with the other gold mines, the main factor in the higher profits reported by the Anglo group producers is the rise in the gold price which averaged about $650 per troy ounce in the September quarter compared with $545 in the previous three months.

Prices received by individual mines vary in line with the timing of sales and the average quarterly prices received are compared below.

GOLD PRICE RECEIVED (R per kilogramme—$ per ounce)—

	Sept. 30	Quarter ended June 30
ERGO	R15,806 ($650)	R13,672 ($540)
Elandsrand	R15,824 ($650)	R13,928 ($552)
F.S. Geduld	R15,793 ($647)	R13,685 ($541)
F.S. Saaiplaas...	R15,791 ($649)	R13,653 ($540)
President Brand	R15,741 ($647)	R13,838 ($547)
President Steyn	R15,916 ($654	R13,622 ($547)
S.A. Land	R15,815 ($650)	R13,677 ($541)
Vaal Reefs	R15,956 ($656)	R13,820 ($546)
Welkom	R15,745 ($647)	R13,768 ($544)
Western Deep ...	R15,844 ($648)	R13,705 ($538)
Western Hldgs. .	R15,797 ($648)	R13,697 ($541)

Against the general trend, several of the Anglo mines have increased their gold ore mill grades in the past quarter and the resultant higher gold production has given a further boost to profits.

These mines include Welkom, Free State Saaiplaas, Western Deep and Vaal Reefs; in the case of the last-named this has offset a fall in uranium revenue.

A lower tax charge in the latest quarter is an extra factor in earnings of President Brand. Free State Geduld produced less gold as a result of a sharp fall in grade coupled with less ore milled and working profits were lower than in the previous three months. But, here again, tax has fallen and this has left the company with a higher profit at the net level.

The latest net profits of the mines are shown in the following table.

	Sept. qtr. R000	June qtr. R000	March qtr. R000
East Dagga. ...	48	165	25
ERGO	27,188	22,960	28,471
Elandsrand	11,172	10,531	12,520
F.S. Geduld ...	57,923	47,258	49,424
F.S. Saaiplaas	8,403	5,737	7,940
Pres. Brand ...	60,280	43,002	46,363
Pres. Steyn ...	42,971	34,142	32,021
S.A. Land ...	902	1,266	1,331
Vaal Reefs ...	90,089	82,868	81,022
Welkom	14,215	10,689	12,102
W. Deep	65,885	61,519	70,784
W. Holdings...	38,271	31,493	35,728

The young Elandsrand says that because of the worsening trend in development values the consequent slow build-up of payable stopeface ore has reduced the rate of production expansion. The mine has thus reduced its planned production for 1980 to 1.05m tonnes at a grade of 5.4 grammes gold from 1.2m tonnes grading 5.77 grammes.

The OFS mines give revised ore reserve estimates based on varying gold prices. Thus, the higher the price, the lower the payable gold grade and the bigger the payable ore tonnage. The various figures are detailed in the mines' advertised quarterly statements.

Problems mount for Inco

HEAVY stocks of unsold nickel, falling sales, rising costs, the threat of punitive taxation at its loss-making Guatemalan operations and losses at the battery-making subsidiary all go to make up an unhappy third quarter report from Canada's Inco, the world's leading nickel producer.

The regular quarterly dividend of 18 cents (U.S.) is declared but in view of the current uncertainties and the need to conserve funds Inco is not declaring its usual year-end extra dividend.

Even so, a first quarterly dividend for the year of 15 cents has been followed by the declaration of 18 cents for each of the following three quarters so that the year's total of 69 cents (28p) comfortably exceeds the 1979 total of 50 cents.

Third quarter net earnings have fallen to U.S.$38.9m, or 42 cents per share, and this includes a $24m. tax credit relating to prior years—from $46.1m in the second quarter and the record $97.5m earned in the first quarter.

The resultant total of $182.5m for the first nine months, equal to $2.16 per share, compares with only $72.5m in the same period of 1979 which covered the long strike at the important copper and nickel operations at Sudbury, Ontario.

During the first nine months of this year, Inco has enjoyed better prices for its nickel, formed metal products and precious metals together with sales of copper that was unavailable during the 1979 strike. In the past quarter, however, nickel sales fell and costs rose.

The ElectroEnergy subsidiary has suffered an operating loss of $6m for the first nine months of the year, reflecting weakness in the North American automotive battery market and protracted labour troubles, although the latter have now been resolved.

The reduction in Inco earnings for the nine months attributable to the Indonesian and Guatemalan nickel operations amounted to $44m compuared with $66m in the same period of last year.

It is stated, however, that Guatemala is considering tax changes, including a tax on nickel exports and the elimination of the right to carry forward losses against taxable income, "which, if enacted would have a significant adverse effect." Inco has begun talks with the Guatemalan Government in an effort to resolve the problem.

Inco's total nickel sales for the nine months have fallen to 265m lbs compared with 303m lbs in the same period of last year. Stock of finished nickel at September 30 had risen to 131m lbs compared with 87m lbs a year previously and, as already reported production is being cut back.

This will mean second-half 1980 nickel output falling to about 180m lbs, or some 15 per cent less than that of the first half.

TCL boosts its final

SOUTH AFRICA'S Transvaal Consolidated Land and Exploration mining and investment company in the Barlow Rand group has fully borne out the board's confidence expressed earlier this year.

At the half-way stage the company anticipated paying a final dividend of at least 125 cents (68.6p). In the event, it is declaring 150 cents to make a total for the year to September 30 of 215 cents against 135 cents for 1978-79.

Net profits for the latest year come out at R54.3m (£29.8m), equal to 743 cents per share, compared with R34.3m last time. Helping earnings have been the inclusion of revenue from asbestos and fluorspar sales together with improved coal sales revenue.

The shares were 50p off at £25 yesterday; they were £16 when the half-year results were announced in May.

Denison profit keeping ahead

CANADA'S uranium-producing Denison Mines has raised its nine-months' earnings to C$43.1m (£15.2m) from C$38.9m in the same period of last year, the latest profits being equal to C$2.36 per share.

Major factors in the improvement were higher oil and gas revenue and an increase in other income, mainly from investments and sales of interests in resource properties.

These factors were offset partially by higher production costs at the Elliot Lake uranium mines and increased spending on oil and gas exploration.

The company is insured against the disruption caused by a fire on September 25 which destroyed part of the nearly completed extension to the milling facilities. These are designed to double ore milling capacity to 15,000 tonnes a day and uranium deliveries from the new facilities are expected to be delayed for a few months.

Denison also owns 48 per cent of Standard Trust, a financial institution that is enjoying a healthy growth. Net profits of the trust have increased in the first nine months of this year to C$1.4m from C$0.9m in the same period of 1979.

ROUND-UP

A 49 per cent *stake in Black* Rock Mineral Ventures of the UK has been acquired by Australia's Vam. Black Rock operates a small coal mine, Coalex, at Wrexham in North Wales and has exploration leases over tin, lead, zinc, and silver deposits in Exeter and Cornwall, and the Exmouth dumps in the Teign Valley, Devon, comprising about 400,000 tons of tailings with silver, lead and zinc, it is stated. Vam adds that its latest acquisition extends the UK mining and exploration prospects to about 16 following the recent purchase of a 61 per cent stake in the U.S. Minex.

* * *

A renounceable rights of approximately 6.7m fully paid shares of 20 cents (9.7p) is to be made by Australia's Amber Gold. Holders registered on November 14 will be offered the shares on a one-for-one basis at a price of 80 cents. The closing date is December 12. Amber says the new funds of A$5.4m will provide adequate working capital and will allow the company to explore for new mineral prospects.

SAGA

SAGA HOLIDAYS LIMITED

Preliminary Announcement

of the results for the year ended 30 June 1980

The Directors of Saga Holidays Limited announce that the results for the year ended 30 June 1980 are as follows:

	Year ended 30 June 1980 £000's	Year ended 30 June 1979 £000's
Turnover	25,517	23,147
Operating Profit	955	1,200
Less: Exceptional item	—	419
	955	781
Investment Income	1,485	1,254
	2,440	2,035
Taxation	78	1,040
Profit after taxation	2,362	995
Dividends	540	400
Retained profit for the year	1,822	595

As I predicted in March, the last financial year has been one of restricted growth. However, the absence of the exceptional losses incurred last year on the charter of a cruise ship and stringent control of costs has resulted in an increase of profits before taxation of 20% to £2,440,000.

Following the Extraordinary General Meeting on 13 June 1980 approving commencement of leasing of industrial equipment; leasing contracts totalling £2,257,000 were finalised shortly before 30 June 1980. Although the effect on this year's pre-tax profits was negligible it has resulted in a material reduction in this year's taxation charge.

The Board consider it appropriate to increase the total dividend for the year by 20% and accordingly are recommending a final dividend of 6.25p per share (1979 5p) making a total of 9p for the year (1979 7.5p). The dividend will be paid on 15 December 1980 to shareholders on the register at the close of business on 10 November 1980.

Current bookings for our autumn programme are broadly comparable with last year but reflect the continuing trend towards U.K. holidays. Nonetheless we are optimistic that we will once again be able to make satisfactory progress.

The Company has recently launched a new range of U.K. and overseas holidays for families under the name "Take Five". Tour operating activities are also being extended into the U.S.A. where a programme for retired Americans will commence in 1982.

SAGA HOLIDAYS LIMITED

Enbrook House, Sandgate, Folkestone, Kent CT20 3SG

Sales outpace rentals as Xerox increases income

BY PAUL BETTS IN NEW YORK

XEROX, THE major U.S. office equipment group has returned a 10 per cent increase in net income for the third quarter and a 17 per cent rise in revenues over the same period last year.

Despite what the company called "record profits for any third quarter" of $155.7m, the 10 per cent increase should be set against a U.S. inflation rate of 10-12 per cent. Revenues in the third quarter totalled $2.1bn up from $1.8bn in the third quarter last year.

Although third quarter profits were virtually flat in real terms, the company said it was "pleased with the company's performance considering the current economic environment."

Third quarter rental and service revenue was up 13 per cent over the same period last year, while revenues from the sale of copiers and duplicators, supplies and other Xerox products were up by 23 per cent.

But Mr. Melvin Howard, senior vice president-finance, said that the company had set up a $9m reserve in the third quarter to cover reduced demand for its old Series 30 and model 44B disc drives. He also indicated the company had made an undisclosed write-off for its model 3300 introduced at the end of last year.

Mr. Howard also suggested that Xerox's fourth quarter this year would be pretty similar to the third quarter in terms of revenue, earnings and profit margins.

Goodyear continues recovery

BY DAVID TONGE IN NEW YORK

GOODYEAR, THE leading rubber manufacturer, has coped with the problems facing the U.S. tyre industry to report third quarter profits of $58m. A year earlier it had a $4.2m loss but unlike its largest competitors has since been profitable.

Third quarter sales rose 5.6 per cent to $2.1bn, with an 18.5 per cent increase in foreign sales to $979m offsetting a 3 per cent drop in domestic sales to $1.16bn.

For the nine months profits rose 47 per cent to $151.8m on sales up 1.6 per cent to $6.2bn.

While some other U.S. producers have been cutting back abroad, the company has begun to see returns from this spring's European launch of its "all-season" radial tyre. Foreign operations accounted for $44.6m of the third quarter's profits.

At home operating profits were sharply down. Mr. Charles Pilliod, chairman, said that sales and profits from tyres, other automotive and chemical products in the U.S. had been disappointing. He noted an improvement in the market for replacement tyres, which had slowed down as the longer-life radial tyres increased their market share.

Mr. Pilliod said that there had also been an improvement in deliveries to vehicle manufacturers, but with raw material costs up and Detroit paring prices, margins have been under attack. He expected deliveries of tyres to continue to improve as Detroit increases output of smaller cars.

Further loss for Inland Steel

BY OUR NEW YORK STAFF

INLAND STEEL, the sixth largest U.S. producer, followed the industry trend when it reported a $6m loss in the third quarter but sees a return to profit in the last quarter.

The major mid-West company, stung by a downturn in the automotive and construction industries and by soaring raw material costs, had been one of the two U.S. companies to report a loss in the second quarter. Its nine-month losses were $1.8m compared with profits of $108m last year.

In the third quarter revenue was down 24 per cent to $709.4m but the company said that steel orders from mid-West customers most severely affected earlier this year by the recession have improved sharply in recent weeks.

Inland said that it is now operating at about 80 per cent of capacity and expects to "maintain or improve that level during the balance of the year." Mr. Frederick Jaicks, chairman, said: "We expect to return to profitable operations for the fourth quarter and the calendar year."

TRAVEL AND ENTERTAINMENT CARDS

Citicorp poses threat to majors

BY DAVID LASCELLES IN NEW YORK

THE PLASTIC world of the travel and entertainment card could be in for a shake-up if Citicorp's negotiations to buy the Diners Club card go through. News of the possible deal leaked out earlier this week, but neither Citicorp nor Continental Corporation, the large New York insurance company which owns Diners Club, would comment except to confirm that they were talking.

At the moment there are only four major contenders in the travel and entertainment card business—which is distinct from the bank credit card business of Visa and Mastercard. The unquestioned leader is American Express (Amex) with about 10.5m cardholders worldwide at the end of last year.

Diners Club comes second with a claimed membership of over 4m, though this figure has been disputed. And third is Carte Blanche with about 1.5m members. In Europe, however, the picture is different. Amex is again the market leader but facing increasing competition from Eurocard.

Citicorp already owns Carte Blanche. So its quest to buy Diners Club would effectively reduce the market to three major contenders, and provide both Eurocard and American Express with a formidable new competitor.

Although Citicorp is not prepared to discuss its plans for Diners Club, it has evidently decided that the travel card represents a major business opportunity for which it is prepared to make a sizeable financial outlay. The acquisition would also fit into its broader strategy to expand its international consumer business.

However, the price that Citicorp actually pays for Diners Club—and there is only speculation as to what it might be—will probably be small compared to the likely debts it will assume, and the money needed to get Diners Club firmly back on its feet.

Ever since Continental acquired the card company in 1970 for $118m, it has been a rocky operation, having lost money in every year but one, and a number of previous attempts to sell it fell through.

In 1979, the last period for which figures are available, the card produced revenues of $89.5m but incurred expenses of $94m, leaving the parent to pick up a tab of some $4.5m. This was more than twice the deficit of the previous year, despite a vigorous attempt to promote the card and increase membership.

Unlike American Express, Diners Club is a franchise which is held by different institutions around the world. The British holder is National Westminster Bank.

Citicorp has committed itself deeply to the consumer business and probably has more retail outlets worldwide than any other bank through Citibank, its main banking subsidiary, and a host of other finance, travel and credit-related activities. It is already one of the major issuers of travellers cheques, an area where it is hounding American Express on another flank.

The question inevitably arises whether Citocorp will try to merge Diners and Carte Blanche into one. But even if it does not, it will be able to achieve considerable economies of scale by merging backroom operations, which are a large part of the cost of running a credit card. At the moment, Diners is based in New York, and Carte Blanche could hardly be farther away—in Los Angeles.

The deal, however, will have to confront a possible anti-trust hurdle. Ironically, Citicorp was forced to divest itself of Carte Blanche in the mid-1970s as a result of an anti-trust action. But this order was reversed in 1978 when a review found that American Express was so dominant in the market that the anti-competitive effects of Citicorp's owning the credit card were negligible.

Citicorp then bought Carte Blanche back from Avco, the Connecticut financial services company to which it had sold it, for a purchase price that was not disclosed.

Pan Am pushing forward in spite of soaring costs

BY IAN HARGREAVES IN NEW YORK

PAN AMERICAN World Airways *reported net profits of* $24.5m in the third quarter, but continued to see the growth in costs outstrip the growth in sales.

Operating revenues for the quarter, in which Pan Am's own results are combined with those of the recently acquired National Airlines operation, were 12.4 per cent higher at $1.02bn. Operating expenses were 14.2 per cent higher at $982.3m. The combined airlines' fuel costs were 35 per cent higher than in the year ago quarter.

Pan Am's net of $24.5m compared with combined net of $35.7m for Pan Am-National in the third quarter of 1979.

Pan Am blamed the poor level of revenues upon continued effects of the recession which caused a 5.5 per cent drop in the airline's scheduled passenger traffic.

The airline also suffered from continued administrative delays by various aviation authorities in authorising the pass-through *of a higher fuel costs on international routes, which account for three-quarters of the combined airlines' traffic.*

Pan Am said its yield — revenue per passenger miles flown — on international business in the quarter had been 17 per cent, compared with 38 per cent on domestic business.

Meanwhile Delta Airlines, the sixth largest U.S. carrier, continued its steady expansion in the third quarter of this year. While results of other major airlines have shown a mixed pattern, Delta increased revenue by 25 per cent to $838m and saw profits rise from $12.6m to $26.3m.

The company is continuing to expand its network while other airlines are cutting their routes.

Over the first nine months of the year revenue of the Atlanta-based company rose from $1.95bn to $2.42bn and and earnings per share from $4.15 to $4.31—above recent market expectations.

Mixed results from leading food groups

By Our New York Staff

DART AND KRAFT, announcing its first results as a newly-merged company, reported profits down a quarter to $84.2m from last year's combined figures of Dart Industries and Kraft, but said that at the operating level, profits had risen 3.5 per cent to $86.1m.

However, two other groups with food interests, Standard Brands and Norton Simon, posted mixed figures respectively a 22 per cent increase in net profits and a 15 per cent fall.

Mr. John Richman, chairman of Dark and Kraft, said that most of the group's major products were weathering the recession quite well, though houseware products, plastics and chemicals, and glass containers had turned in lower figures.

Net sales for third quarter were 5.9 per cent up at $2.4bn and up 6.1 per cent for nine months though the companies together recorded a slight slip in combined profits, from $293m to $286m.

Standard Brands' third quarter profits were up from $25.2m to $30.7m on sales up 15 per cent to $759m

But Norton Simon found a slip in earnings by the Avis car rental firm dragging down results despite improved profits by Canada Dry and, in particular, the recently troubled Max Factor.

Revenue rose 8 per cent to $791m between the third quarter last year and the same period this year, but net profits fell from $32.6m or 64 cents a share, on a fully diluted basis, *to $27.8m or 56 cents a share.*

INTERNATIONAL CAPITAL MARKETS

$500m Petrobras credit

BY PETER MONTAGNON

BRAZIL'S STATE oil concern Petrobras, has raised a $500m credit from French banks, said *Sr. Antonio Delfim Netto the* country's planning Minister in London yesterday. One $250m portion of the credit bears a margin over Libor of 1¾ per cent, marking an new increase in rates for Brazilian public sector borrowers.

The other $250m is a French export credit over 17 years with a grace period of 10 years at a fixed interest rate of 7½ per cent.

French export credits are particularly lucrative for the banks which provide them and this helped Brazil to obtain the new financial credit which is included in the package on terms that might not have been easy to obtain from other banks.

Besides the 1¾ per cent margin this tranche has a maturity of eight years with three grace. Previously, public sector borrowers were paying a margin of only 1½ per cent.

The latest Petrobras borrowing will bring the total external financing raised by Brazil this year to some $10bn Sr. Delfim said. Brazil still needs to raise another $2bn before the end of *the year, he added.*

Already it is negotiating a $200m credit for the Itaipu hydroelectric project with Citibank on which it also hopes to obtain a 1¾ per cent margin. The development bank BNDE, which has been testing the market for some weeks without success, still hopes to borrow in the near future.

Sr. Delfim, in London for new talks with the banking community, still exudes, albeit rather muted, confidence that Brazil can meet its borrowing target for this year as well as raise another $13bn on international markets in 1981.

But many bankers feel that *this confidence is misplaced.* They point out that with only two months of the year left to run it will be difficult for Brazil to raise another $2bn in 1980 and say the country's reserves may have to be run down still further from their current level of about $6.7bn.

De Limur quits Crocker

BY OUR FINANCIAL STAFF

Mr. Charles Crocker de Limur, who has resigned as a director of the Crocker National Bank, founded by his great grandfather, said he does not plan to oppose the sale of the controlling interest in Crocker to Midland Bank of the UK.

De Limur, who also resigned as a director of the bank's parent holding company, Crocker National Corporation, said he resigned because he thinks that the Crocker management did not drive a hard enough bargain with Midland.

Specifically, he objected to a provision in the tentative sales agreement calling for a tender offer for 6.5m shares at about $50 each, and subsequent payment of $90 a share to Crocker for 5.5m shares of newly issued stock over four years.

Eurodollar bonds weaker

EURODOLLAR bonds closed at around ¾ point down yesterday despite initial losses of ½ point in reaction to the weaker U.S. market overnight, our Euromarkets Staff writes.

One new issue was announced by Nomura (Europe) for the Japanese property and railway concern, Tokyu Corporation.

This $70m, 15-year convertible issue will carry a coupon of around 7¾ per cent and a conversion premium of about 5 per cent. Interest will be paid semi-annually.

The recent issue for Comision Federal de Electricidad, which has a coupon of 13 per cent and matures in 1987, was priced at 98¾ by lead manager Credit Suisse First Boston to give an offered yield of 13.29 per cent.

Trailer Train's $40m issue led by Manufacturers Hanover, which was priced at 99 per cent on Wednesday, was quoted at 95¾-6¼ on its first day of trading yesterday, at which price the bonds yield 13.91 per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on October 23

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10⅝ 90	50	85⅝	85⅞	−0⅛	+1⅛	13.51
CECA 11½ 88	100	94⅛	94⅝	−0½	−1⅛	12.68
Citicorp O/S Fin. 10 86	300	88⅞	89	−0⅜	−1½	12.88
Con. Illinois O/S 9⅞ 86	150	87⅞	87⅞	−0½	−1⅝	12.99
Denmark 11⅞ 90	100	92⅝	93⅛	−0½	−1⅛	13.04
Dome Petroleum 13½ 92	50	99⅝	100⅛	−0⅜	−1⅜	13.46
EEC 11 95 (May)	75	88⅜	88⅞	−0⅛	−0⅜	12.75
EEC 11 95 (Aug.)	70	88	88½	+0⅛	+0⅛	12.79
EIB 13⅝ 90	100	102⅜	102⅝	−0½	−1	13.23
Eksportfinans 8½ 87	75	86⅛	86⅝	−0⅛	−1⅛	12.58
Elec. de France 10 88	125	88⅜	88⅞	−0⅛	−0⅜	12.35
Export Dv. Cpn. 12⅝ 87	100	99⅝	100⅛	−0⅜	−1⅛	12.71
Export Dv. Cpn. 9½ 88	150	88⅜	88⅞	−0⅛	−1	12.64
Federal Dev. Bk. 12⅝ 85	75	98⅜	99⅛	−0⅛	−0⅜	12.50
Fin. Exp. Credit 10½ 86	50	91⅛	91⅝	0	−0⅜	12.89
Finland Rep. of 9½ 86	100	86⅛	86⅝	+0⅛	−0⅜	13.14
Ford O/S Fin. 12⅝ 85	250	98⅜	98⅞	−0⅛	−0⅛	13.08
George Weston 13½ 87	30	99⅝	99⅞	−0⅜	−0⅛	13.54
GMAC O/S Fin. 13⅞ 85	100	101⅛	101⅞	−0⅜	−1	12.81
GMAC O/S Fin. 12 87	100	94⅞	95⅜	−0⅛	−1⅛	13.10
Goodyear O/S 12½ 87	75	97⅛	98⅛	−0⅛	−1½	12.93
Hudson's Bay 11½ 90	75	92	92½	−0⅛	−1⅛	12.82
IBM Canada 10½ 85	50	94½	95	−0⅜	−1⅛	11.89
ICI Fin. Ned. 11 83	100	96⅛	96⅝	−0⅛	−0⅜	12.58
Int. Harvester 12⅝ 85	115	97⅞	98⅛	−0⅛	−1⅛	13.34
McGraw 13½ 85	75	99⅝	100⅛	−0⅜	−1½	13.43
NorWest Ind. 13⅝ 87	50	98⅝	99⅛	−0⅜	−1⅛	13.81
Nova Scotia 10⅝ 90	50	87⅞	88⅛	0	−0⅛	12.94
OKB 10 85	50	91⅛	91⅝	−0⅛	−1⅛	12.45
Pemex 11½ 88	100	91	91½	0	−1⅛	13.36
Quebec Hydro 11½ 92	100	89⅜	89⅞	−0⅛	−1	13.27
Republic Steel O/S 11½ 88	100	87⅛	87⅝	−1	−1⅞	14.24
Roylease 11⅛ 85	50	95⅛	95⅝	−0½	−1⅛	12.58
SNCF 12⅝ 85	50	99⅝	100⅛	−0⅜	−1⅛	12.32
Sweden 12½ 85	150	98⅜	98⅞	−0⅛	−0⅜	12.76
Swed. Ex. Cred. 12½ 85	40	98⅞	99⅜	+0⅛	+0⅛	12.71
Swed. Ex. Cred. 12 83	50	97⅞	98⅜	−0½	+0⅛	12.79
Transamerica 12⅝ 83	50	97	97½	−0⅛	−0⅛	13.56
UB Finance BV 11 90	50	87⅛	87⅝	+0⅛	+1⅛	13.37
Unilever NV 9⅝ 90	100	84⅛	84⅝	−0⅛	−1⅛	12.60
World Bank 9⅝ 85	200	90⅞	91⅜	−0⅛	−1⅝	12.37
World Bank 10⅝ 87	300	89⅞	90⅜	−0⅛	−1½	12.49

Average price changes... On day −0⅛ on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 90	250	97⅝	98⅛	0	−1⅛	8.43
Austria Rep. of 8⅜ 92	150	96⅛	97⅛	+0⅛	−1⅛	8.71
BFCE 7⅝ 87	100	94½	95⅛	+0⅛	−0⅞	8.84
BFCE 8⅝ 95	100	95½	96⅛	+0⅛	−0⅞	8.63
CECA 7⅞ 92	150	94	94½	+0⅛	−1⅛	8.66
CII-Honeywell 8⅝ 90	125	97⅛	97⅝	−0⅞	−1	8.76
Denmark 7⅞ 86	100	†95⅛	96	−0⅞	−2	8.93
Denmark 8⅝ 92	100	†97⅞	98½	0	−1⅛	8.51
EEC 7½ 94	225	93⅛	93⅝	−0⅛	−2⅛	8.71
Finland Rep. of 8 88	150	95⅞	96⅜	0	−1⅛	8.83
Iberduero SA 9 90	100	†98½	99⅛	−0½	−0⅞	9.17
Japan Dev. Bk. 7⅝ 87	100	94	94½	−0⅛	−2	8.77
Kobe, City of 8 90	100	96⅝	97⅛	−0⅜	−1⅝	8.47
Mt. Bk. Denmark 8½ 90	150	†96	96⅝	−0½	−2⅛	9.07
Norway 7½ 85	250	95⅝	96⅛	−0⅞	−3⅛	8.85
Nudebras 8⅝ 88	100	†96½	97⅛	−0⅛	−1½	10.34
OKB 8⅝ 92	150	96⅛	96⅞	−0⅜	−1⅝	8.71
Oslo, City of 8⅝ 90	80	99⅝	100⅛	+0⅞	−1⅛	8.76
Sweden 9⅝ 87	200	†103	103½	0	−1⅛	9.04
World Bank 8 90	700	95	95½	−0⅞	−1⅞	8.73
World Bank 7⅞ 90	250	93⅛	93⅝	−0⅜	−2½	8.95
World Bank 10 86	150	104⅝	105⅛	−0⅜	−3⅜	8.79
World Bank 10 90	200	107⅝	108⅛	−0⅛	−2⅜	8.73

Average price changes... On day −0⅛ on week −1⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5⅝ 90	100	99½	99⅞	+0⅛	−0⅜	5.42
Bayer Int. Fin. 5⅝ 92	100	100⅛	100½	+0⅜	+0⅜	5.21
Bergen, City of 6 90	50	102	102⅛	−0⅛	−0½	5.70
BMW Overseas 4⅞ 91	100	†89½	90	+0⅜	−0⅛	5.52
Buhrmann-Tetterode 7 90	40	105⅛	106	0	+0⅜	6.16
Copenhagen Tele. 5⅝ 90	60	96⅞	98⅛	+0⅛	0	6.27
Denmark 5⅝ 90	80	97⅛	97⅞	−0⅛	−0⅜	6.06
EIB 4½ 94	100	85⅞	85½	+0⅛	−0⅛	5.95
Elec. de France 5⅝ 90	100	98⅞	99⅛	+0⅛	+1⅞	5.38
Eurofima 5⅝ 92	80	102½	102⅞	+0⅜	+1⅛	5.44
F. G. H. Hypo Bk. 6 90	50	†104⅛	104⅝	+0⅛	+1½	5.39
Finland Rep. of 5⅝ 90	80	94⅞	95⅛	+0⅛	−0⅛	6.32
GZB 4⅝ 89	100	87⅞	88	+0⅛	+0⅜	6.03
Int.-Amer. Dev. 7 90	80	†104½	105	−0⅛	−0⅛	6.31
Japan Dev. Bk. 6⅝ 90	100	102⅝	102⅞	+1⅛	+2⅛	5.43
Jutland Tele. 5½ 90	50	97⅛	97⅝	+0⅞	+0⅛	5.85
Mt. Blanc Tonnel 5⅞ 90	60	98⅞	99⅛	+0⅛	+0⅛	5.55
Newag 5⅝ 90	80	100⅞	100⅜	−0⅛	−0⅛	5.66
Nippon Tel. & T. 4⅛ 89	100	93½	94	+0⅜	−0⅜	5.14
Norges Komm. 4⅝ 91	100	88	88⅛	−0⅛	+0⅛	5.87
OKB 4⅛ 91	100	86⅛	86⅞	+0⅛	0	6.06
OKB 6 90	100	101⅛	101½	−0⅛	−0⅞	5.80
Oslo, City of 4⅝ 91	100	†88	88⅛	+0⅜	+0⅛	5.87
Oslo, City of 5⅞ 90	80	100	100⅛	+0½	+0⅛	5.86
Philips Lamps 5⅝ 92	100	96⅛	98⅞	+0⅛	+0½	5.39
Sekisui Pre. Hms. 6 90	80	102⅛	102½	+0⅞	+0⅜	5.67
Shikoku El. Pwr. 4⅞ 89	100	92½	92⅞	+0⅜	−1	5.84
Trade Dev. Fin. 6⅝ 90	50	98⅛	98½	+0⅛	+0⅛	6.36
Voest-Alpine 5⅝ 90	80	†99⅛	99⅝	+0⅛	+0⅛	5.82
World Bank 4½ 89	150	88⅛	98⅞	+0⅛	+0⅛	6.04

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅛	92⅛	0	+0⅛	8.91
Australia 6½ 88	20	87⅞	88⅛	0	−0⅛	8.79
EIB 7⅛ 89	12	95⅜	97	+0⅛	+0⅛	8.35
Finland 5.6 83	10	90⅞	91⅛	0	+0⅛	9.17
Finland 6.8 88	10	86⅞	87⅞	0	−0⅛	9.22
Finland, Rep. of 8⅛ 87	15	95⅛	96⅛	0	−0⅛	9.14

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅝ 86 C$	60	94	94⅝	−0½	+0⅛	12.12
CIBC 13⅛ 85 C$	50	†99⅛	99⅞	−0⅜	−0½	13.55
CIBC 11⅛ 85 C$	60	†94½	95⅛	−0⅛	+0⅞	12.98
Federal Dev. 11½ 90 C$	60	†89⅛	90	−0⅛	+0⅞	13.46
Fst. Can. Inv. 10 84 C$	50	†90⅛	91	−0⅜	−0⅛	13.42
R. Bk. Canada 10 88 C$	40	92	92⅝	−0⅛	−0⅛	11.92
Tordom Cpn. 13½ 85 C$	30	†99⅛	100⅛	−0⅜	−0⅜	13.47
M. Bk. Dnmk. 9 91 EUA	25	93⅝	95	0	0	9.86
SOFTE 8⅝ 89 EUA	40	89	90⅛	+0⅛	+0⅛	10.11
U. Bk. Nrwy 9½ 90 EUA	18	99⅛	100⅛	0	−0⅛	9.55
Algemene Bk. 10⅛ 87 Fl	400	100	100½	0	−0⅛	10.18
Bk. Mees & H. 10 85 Fl	75	100⅞	100⅞	−0⅛	−1	9.81
F. G. Hypo 9⅝ 87 Fl	60	96⅞	98⅛	−0⅛	−0½	10.45
Heineken NV 10 87 Fl	75	97⅞	98⅛	−0⅛	−1⅛	10.38
Nat. Inv. Bk. 10 87 Fl	75	98½	99	−0⅛	−0⅛	10.25
Nat. Neder 9½ 87 Fl	60	96⅝	97⅛	+0⅛	−0⅛	10.14
Neder Mdn Bk 10 85 Fl	75	102⅛	102⅝	−0⅛	−0⅛	9.36
Aero Paris 13⅛ 87 FFr	150	97⅞	98⅛	+0⅛	−0⅛	13.59
CECA 14⅛ 86 FFr	150	†101⅞	102⅛	−0⅛	−0½	13.58
Finland 11 84 FFr	80	†91	92	−0½	−0⅛	13.92
Finland 11½ 89 FFr	70	†86⅛	87⅛	−1⅞	−2⅝	14.09
Gaz de France 11 84 FFr	150	92⅞	93⅞	0	+0⅛	13.22
IBM France 11⅞ 84 FFr	120	†93½	94½	0	−0⅛	13.82
Renault 9⅝ 85 FFr	100	85⅞	86⅛	+0⅛	0	14.09
Solvay et Cie 9⅝ 87 FFr	125	81⅛	82⅛	−0⅛	−0⅛	14.09
Utd. Mex Sts 14 85 FFr	150	98⅛	99⅛	−0⅛	−0⅛	14.28
Beneficial Fin. 14⅛ 90 £	20	99⅝	100⅛	+0⅛	+0⅛	14.23
BNP 13½ 91 £	15	98	98½	0	−0⅛	13.80
CECA 13½ 88 £	20	98⅛	98⅝	+0⅛	0	13.85
Citicorp O/S 13½ 90 £	50	98⅛	98⅝	+0⅛	−0⅛	13.76
Fin. for Ind. 14½ 88 £	20	100⅞	101⅛	−0⅛	−0⅞	14.19
Fin. for Ind. 13⅝ 87 £	20	99	99½	−0⅛	0	13.91
Gen. Elec. Co. 12½ 89 £	50	95⅛	96⅛	0	−0⅛	13.31
Peugeot SA 14 90 £	23	98⅝	99⅛	+0⅛	−0½	14.16
Rothschild 14⅛ 90 £	12	99⅛	99⅞	+0⅞	−0⅛	14.30
Swed. Ex. Cr. 15⅝ 85 £	20	104⅛	104⅞	0	−0⅞	13.72
Banobras 8⅝ 90 KD	7	†90⅝	91⅛	0	0	9.75
CCCE 8⅛ 91 KD	10	†86½	87½	+0⅛	0	10.22
Sonatrach 8½ 90 KD	12	†91⅛	91⅞	0	0	9.89
Akzo 9⅝ 87 LuxFr	500	92⅛	93⅛	0	+0⅛	10.75
Euratom 9⅝ 88 LuxFr	500	96½	97½	0	−0⅛	10.34
Eurofima 10½ 87 LuxFr	500	97⅛	98⅛	−0⅛	−0⅛	10.50
EIB 9⅝ 88 LuxFr	600	97⅛	98⅛	+0⅛	−0⅛	10.19
Volvo 9⅝ 87 LuxFr	500	94⅛	95⅛	+0⅛	0	10.87

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅛ 87	0⅛	97⅞	98⅛	2/1	10.44	10.65
Bank of Ireland 5⅝ 89	‡0⅛	98½	98⅞	21/11	11⅛	11.56
Bank of Tokyo 5⅛ 89	‡0⅛	97⅝	98⅛	25/10	9⅛	9.45
Barclays O/S Inv. 5 90	0⅛	97½	98	13/12	9⅝	9.85
Bergen Bk. A/S 6 89	‡0⅛	97⅛	98½	29/11	12⅛	12.50
Bilbao Int. N/V 5⅝ 90	0⅛	97½	98⅛	29/11	10.06	10.28
Citicorp O/S F. 83	§‡0	99½	100	23/11	11.44	11.47
Citicorp O/S F. 84	‡0	99⅝	99⅞	30/10	13½	13.19
C. Itoh 5⅝ 87	0⅛	98⅛	99⅛	18/3	12⅞	13.01
Co-opérative Bk. 6 86	0⅛	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0⅛	97⅛	98⅛	14/12	12.06	12.29
CNT 5⅝ 88	§0⅛	99⅛	99⅞	18/4	13⅛	13.30
GZB 5½ 89	‡0⅛	98	98½	1/11	9.81	9.99
Jugobanka 8 88	0⅞	91⅛	93⅛	23/11	11⅛	12.60
Ind. Bank Japan 5⅝ 87	0⅛	98⅛	99⅛	15/4	13.31	13.45
Ind. Bank Japan 5⅛ 88	0⅛	98⅛	99⅛	9/4	13⅛	13.32
Lloyds Eurofin 8 90	‡0⅛	96⅛	96⅞	3/1	15⅛	15.30
LTCB Japan 5⅛ 86	0⅛	98½	99	13/12	9⅛	9.75
Mfrs. Han. O/S 5⅝ 94	‡0⅛	97⅝	98⅛	30/11	12⅛	12.37
Midland Intl. Fin. 5 89	0⅛	97⅞	98⅛	20/12	9½	9.68
Midland Intl. Fin. 5⅛ 92	0⅛	97½	98	5/12	10⅞	11.13
Nacional Fin. 6⅛ 86	0⅛	97½	98	25/1	9.69	9.91
Nat West 5⅛ 94	§0⅛	97⅞	98⅛	11/4	13⅛	13.50
Nippon Credit 6½ 86	0⅛	97⅛	97⅝	12/1	9.56	9.82
Nippon Credit 5⅛ 87	‡0⅛	98⅛	98⅝	6/11	10⅞	11.04
Royal Bk Scot 5⅛ 94	§‡0⅛	98⅝	99⅛	11/1	13⅛	13.40
Soc. C. de Bque. 6½ 87	0⅛	98⅛	98⅝	3/4	14	14.23
Standard Chart. 5⅛ 90	0⅛	98⅛	98⅝	6/3	12.06	12.25
Svenska Hndlsbk. 5 87	0⅛	97⅝	98⅛	15/1	10	10.20
Williams & Glyn 5⅛ 91	0⅛	98⅛	98⅝	14/3	12.44	12.63
Bq. Ext. d'Alg. 4⅛ 89 SF	0⅛	†89	90	18/12	6⅛	6.84

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 7⅛ 95	2/80	815.5	121⅞	122½	−2	−4.11
Apache I. Fin. 8⅝ 95	12/80	21.12	†159	160	+3	−4.09
Blocker Energy 8⅝ 95	1/81	21.87	116⅛	118	+1⅞	−4.02
Credit Suisse 4⅛ 93	10/79	1278	118⅜	120⅛	−1½	−3.96
DDKK 11 90	4/80	324	106	107	−0½	17.07
Digicon Fin. 8⅛ 95	10/81	29.5	103½	104½	+0⅛	0.59
Dynolectron 9½ 95	8/80	12.22	122⅞	124	+6⅛	2.95
Ensearch Fin. 9½ 94	7/80	30.25	154½	155½	+2½	−3.30
Hanson O/S Fin. 9½ 95	1/81	1.92	98	98⅛	+2⅛	3.79
Huffy Int. Fin. 8½ 95	12/80	23.25	96	97	+0⅛	45.38
INA Overseas 8⅛ 2000	4/81	42	100⅞	101⅞	−0⅛	6.44
Inchcape Ltd. 8 95	2/81	4.55	106⅛	107⅛	+0⅛	−2.93
JACCS 7½ 95	11/80	565	103½	104½	−0⅛	6.03
Marion Int. Fin. 9 95	12/80	23.25	103⅞	104⅞	+2⅛	1.11
MEPC 8⅛ 98	2/81	2.47	104½	105⅛	−0⅛	6.60
Nissho Iwai Co. 8 96	10/80	398	99⅛	100⅛	−0⅛	−1.96
Ricoh 6⅛ 95	8/80	604	105⅛	106⅛	−1⅞	−10.21
SBC 6⅛ 90	8/80	200	99⅛	100⅛	−0⅛	5.44
Taylor Woodrow 8⅛ 90	1/81	4.94	97⅛	98⅛	0	5.02
Tricorp. 8½ 95	12/80	31.25	103⅛	104⅛	+0⅞	17.22
Union Bk. Switz. 5 89	2/80	121.4	97	98½	−0½	−2.27
Fujitsu 5 84 DM	7/79	475	124	125	−1	6.82
Sharp Corp. 6½ 88 DM	9/80	595	120⅛	121⅛	−0⅛	−1.14
Uny Co. 6½ 85 DM	11/79	1071	98⅛	99⅛	+0⅛	13.51

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in Currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

ALBANY INTERNATIONAL

	1980 $	1979 $
Third quarter		
Revenue	85.1m	79.2m
Net profits	5.36m	5.4m
Net per share	0.80	0.82
Nine months		
Revenue	271.7m	245.3m
Net profits	18.48m	16.85m
Net per share	2.76	2.55

AMSTAR

	1980 $	1979 $
First quarter		
Revenue	517.9m	290.7m
Net profits	18.96m	5.6m
Net per share	2.08	0.59

AMERICAN EXPRESS

	1980 $	1979 $
Third quarter		
Revenue	1.4bn	1.21bn
Net profits	108.0m	98.0m
Net per share	1.51	1.37
Nine months		
Revenue	4.05bn	3.43bn
Net profits	284.0m	263.0m
Net per share	3.97	3.68

BELL CANADA

	1980 $	1979 $
Third quarter		
Revenue	1.49bn	1.27bn
Net profits	112.6m	106.8m
Net per share	0.62	0.64
Nine months		
Revenue	4.37bn	3.85bn
Net profits	271.5m	325.0m
Net per share	1.51	2.02

CITY INVESTING

	1980 $	1979 $
Third quarter		
Revenue	1.34bn	1.28bn
Net profits	32.2m	37.7m
Net per share	1.02	1.46
Nine months		
Revenue	3.98bn	3.73bn
Net profits	89.6m	95.7m
Net per share	3.04	3.66

CLUETT PEABODY

	1980 $	1979 $
Third quarter		
Revenue	211.0m	186.4m
Net profits	6.02m	5.16m
Net per share	0.64	0.54
Nine months		
Revenue	544.0m	481.0m
Net profits	11.75m	11.26m
Net per share	1.21	1.14

COMBUSTION ENGINEERING

	1980 $	1979 $
Third quarter		
Revenue	727.1m	684.9m
Net profits	25.65m	21.48m
Net per share	1.56	1.30
Nine months		
Revenue	2.2bn	1.9bn
Net profits	74.24m	62.63m
Net per share	4.52	3.83

DILLINGHAM

	1980 $	1979 $
Third quarter		
Revenue	331.2m	293.9m
Net profits	7.39m	84.8m
Net per share	0.54	0.62
Nine months		
Revenue	966.7m	815.4m
Net profits	26.07m	24.96m
Net per share	1.92	1.83

EATON

	1980 $	1979 $
Third quarter		
Revenue	732.0m	793.0m
Net profits	15.5m	34.0m
Net per share	0.58	1.30
Nine months		
Revenue	2.4bn	2.5bn
Net profits	93.9m	125.0m
Net per share	3.54	4.79

ENSERCH

	1980 $	1979 $
Third quarter		
Revenue	687.2m	572.4m
Net profits	33.51m	19.68m
Net per share	0.93	0.59
Nine months		
Revenue	2.0bn	1.64bn
Net profits	112.7m	69.9m
Net per share	3.19	2.14

JOHNSON & JOHNSON

	1980 $	1979 $
Third quarter		
Revenue	1.2bn	1.1bn
Net profits	110.39m	100.77m
Net per share	1.78	1.65
Nine months		
Revenue	3.6bn	3.2bn
Net profits	321.22m	284.17m
Net per share	5.21	4.65

MARATHON OIL

	1980 $	1979 $
Third quarter		
Revenue	2.03bn	1.91bn
Net profits	76.35m	79.66m
Net per share	1.27	1.31
Nine months		
Revenue	6.33bn	4.98bn
Net profits	323.74m	268.96m
Net per share	5.35	4.44

3M

	1980 $	1979 $
Third quarter		
Revenue	1.56bn	1.42bn
Net profits	179.0m	174.3m
Net per share	1.52	1.48
Nine months		
Revenue	4.57bn	4.07bn
Net profits	503.7m	488.0m
Net per share	4.29	4.16

MILTON BRADLEY

	1980 $	1979 $
Third quarter		
Revenue	128.9m	102.9m
Net profits	14.0m	10.0m
Net per share	1.91	1.54
Nine months		
Revenue	292.7m	234.1m
Net profits	22.07m	18.36m
Net per share	3.10	2.82

MOHASCO

	1980 $	1979 $
Third quarter		
Revenue	171.7m	182.3m
Net profits	597,000	1.48m
Net per share	0.09	0.22
Nine months		
Revenue	534.5m	540.9m
Net profits	922,000†	3.43m
Net per share	0.15†	0.51

† Loss.

NL INDUSTRIES

	1980 $	1979 $
Third quarter		
Revenue	517.86m	454.87m
Net profits	42.35m	32.88m
Net per share	1.25	0.96
Nine months		
Revenue	1.53bn	1.33bn
Net profits	118.65m	109.06m
Net per share	3.49	3.23

MOORE McCORMACK

	1980 $	1979 $
Third quarter		
Revenue	183.23m	146.85m
Net profits	12.19m	15.89m
Net per share	2.13	2.79
Nine months		
Revenue	479.46m	313.02m
Net profits	35.24m	28.98m
Net per share	6.18	5.08

PANHANDLE EASTERN

	1980 $	1979 $
Third quarter		
Revenue	546.6m	466.6m
Net profits	44.0m	39.2m
Net per share	1.16	1.06
Nine months		
Revenue	1.75bn	1.41bn
Net profits	142.7m	124.3m
Net per share	3.79	3.38

PITNEY BOWES

	1980 $	1979 $
Third quarter		
Revenue	311.3m	272.0m
Net profits	17.36m	16.0m
Net per share	0.98	0.96
Nine months		
Revenue	895.8m	712.4m
Net profits	48.7m	40.07m
Net per share	2.81	2.59

POLAROID

	1980 $	1979 $
Third quarter		
Revenue	364.7m	348.2m
Net profits	20.6m	†23.1m
Net per share	0.63	†0.70
Nine months		
Revenue	990.2m	934.8m
Net profits	53.1m	7.3m
Net per share	1.62	0.22

† Loss.

STANDARD BRANDS

	1980 $	1979 $
Third quarter		
Revenue	758.8m	657.8m
Net profits	30.7m	25.2m
Net per share	1.07	0.89
Nine months		
Revenue	2.15bn	1.85bn
Net profits	71.8m	60.3m
Net per share	2.51	2.12

SUN COMPANY

	1980 $	1979 $
Third quarter		
Revenue	3.0bn	2.7bn
Net profits	194.9m	181.9m
Net per share	1.59	1.52
Nine months		
Revenue	9.1bn	7.6bn
Net profits	693.2m	477.0m
Net per share	5.7	4.02

SUNCOR

	1980 $	1979 $
Third quarter		
Revenue	333.9m	218.3m
Net profits	80.7m	50.2m
Net per share	1.53	0.96
Nine months		
Revenue	950.2m	579.8m
Net profits	255.4m	91.3m
Net per share	4.86	1.74

TIGER INTERNATIONAL

	1980 $	1979 $
Third quarter		
Revenue	378.3m	220.0m
Net profits	11.2m	1.9m
Net per share	0.72	0.14
Nine months		
Revenue	1.1bn	649.1m
Net profits	24.9m	29.2m
Net per share	1.61	2.03

UMC

	1980 $	1979 $
Third quarter		
Revenue	85.3m	90.8m
Net profits	1.85m	3.39m
Net per share	0.31	0.57
Nine months		
Revenue	268.5m	274.1m
Net profits	6.08m	9.8m
Net per share	1.03	1.62

WHEELING-PITTSBURG

	1980 $	1979 $
Third quarter		
Revenue	221.5m	336.5m
Net profits	4.72m	13.57m
Net per share	0.98	3.33
Nine months		
Revenue	782.7m	955.9m
Net profits	12.55m	41.74m
Net per share	2.54	10.33

Milan's bourse is enjoying an unparalleled boom doubling in value this year, reports **Rupert Cornwell**

A stock market renaissance for Italian investors

"IT'S NOT La Centrale you should look at, but Generali, up 3,000 today." This was not a stockbroker advising a client, but a news vendor overheard in Milan's Piazza del Duomo discussing the latest events on the local bourse. "Everyone's watching the market now," said a real stockbroker later, "we haven't seen anything like this for 20 years."

One glance at the Milan stock exchange explains why. Traditionally, the bourse here has had an unsavoury reputation as a paradise for insider traders and occult manipulators, to be avoided by anyone with any sense.

Today it is enjoying an unprecedented boom and some of the basic assumptions about Italian investment patterns may have to be revised. Since the beginning of January, prices as measured by the bourse's own index have just about doubled.

In the last two months, the advances have been even more rapid. Volume, too, has by Italian standards gone through the roof. In the market trough of 1977, daily turnover averaged a derisory L4bn ($4.5m) a day; in 1979 this figure was up to L15bn ($17m). Recently it has been running at between L40bn and L50bn, and this Monday hit L76bn ($84m).

Milan has suddenly become a European equivalent of the volatile Hong Kong or Sidney markets but with a trading volume which now rivals Paris.

It is enough to make strong men nervous, and the people who run the Milan exchange are worried. "I would advise the greatest caution," says Sig. Leonida Gaudenzi, vice-president of the Milan Bourse, and by any standards a shake-out is overdue. Significantly, though, very few analysts believe that the market will decline as fast as it has risen.

As Sig. Gaudenzi points out, the pyrotechnics of 1980 follow advances by the overall index of 26 per cent in 1978 and 19 per cent last year. In part, Milan is experiencing a long-overdue correction of the absurdly low levels to which its share-prices had sunk three years ago. But there is more than mere chartists' logic behind the almost vertical rise of the last few months.

Everything is in the bourse's favour. Inflation of over 20 per cent and the spectre of a lira devaluation have led to a stampede into assets of any kind but money in Italy—especially since exchange controls prevent (in theory) capital simply being exported abroad.

Interest rates on bank deposits, meanwhile, have remained where they were, despite September's jump in the discount rate to 16.5 per cent, and an increase in the prime lending rate to 22 per cent or more.

Equally important, a severe shortage of stock exists. :Only 162 quoted shares are traded in Milan, of which only 50 per cent are in any real sense "circulating," and not held by controlling interests in the companies.

Too much money is chasing too few, and too long undervalued, goods. The total market capitalisation of quoted shares is still only L20,000bn ($22.7bn), compared with L80,000bn to L90,000bn ($102bn) in Treasury bonds and L200,000bn ($227bn) in bank deposits.

True, the market is increasingly fulfilling its basic function of raising new capital: last year L604bn ($686m) was raised. In 1980 the final figure may top L1,000bn ($1.13bn), while next year (with the L250bn Fiat capital increase for starters) could generate still more. Indeed, this week has seen the launch of nine separate capital-raising operations, including one by the still fragile Snia Viscosa fibres concern.

The suspicion is widespread that various banks and Italian financial institutions were encouraging the market upswing earlier on, as a means of pushing through more easily a string of financial recovery packages for certain troubled concerns, of which Snia is but the first.

But there is, according to Sig. Gaudenzi, still scant sign of the small and medium-sized companies which are the backbone of Italy's prosperity, taking the plunge and seeking a bourse quotation. Foreign companies, too, are effectively barred from Milan by a regulation which obliges any would-be Italian investor to deposit 50 per cent of his outlay on foreign shares, with a non-interest bearing account at the central bank.

It was ironic that, as the current boom gathered pace, the quotation of C. T. Bowring, the British insurance brokers, the one foreign company listed in Milan since Fascist times, had been finally withdrawn, following completion of a take-over. Milan is still cut off from the mainstream of European stock markets. The bourse authority here is trying to have the 50 per cent deposit rule rescinded, but with uncertain prospects of success.

Nonetheless, there are many signs that this upward movement, whatever the short-term zigzags, is different from others in the past, which always ended with the gullible small investor getting his fingers badly burned.

In the first place, there is no evidence of a single dominant figure like Sig Michele Sindona, the jailed financier, who ruled the Milan market in the late-1960s and early-1970s, manipulating events. Secondly, Italy's industrial landscape looks much less scarred than a few years ago. Laboriously, the chemical industry shambles is being sorted out. Olivetti is flourishing, Pirelli is recovering, and the outcome of the month-long Fiat dispute has been generally interpreted as a victory for private enterprise.

Indeed, the lesson is now being painfully absorbed by Italy's conditions.

Meantime, the brokers in Milan are getting richer, while everyone is waiting for the bubble to burst. As Sig. Gaudenzi put it, "I am just afraid that people will think it's too easy to make money here." The trouble is that all this year it has been.

U.S. deals planned by Sanofi

By Our Financial Staff

SOCIETE SANOFI, the pharmaceutical and cosmetics subsidiary of the French State-owned Elf-Aquitaine oil group, is planning a U.S. acquisition. "Henceforth, our priority objective is to enter the U.S. market in a significant way," said M. Rene Sautier, president.

Talking to journalists, M. Sautier said "several operations" were under study involving either outright acquisition or joint ventures with established U.S. companies. However, he added that it was not easy to find American takeover targets because they were either "too expensive or in deep financial difficulties."

The "ideal" for Sanofi would be a U.S. pharmaceutical company that is not in financial trouble and struggling because of a lack of products. Sanofi has become a leading French drugs group through a series of acquisitions in France, the most recent being Institut Pasteur Production, Clin-Midy and CM-Industries.

Improved French operations help Saint-Gobain lift interim income

BY TERRY DODSWORTH IN PARIS

THE IMPROVEMENT of profit margins in French industry, noted widely in manufacturing companies this year, helped Saint-Gobain-Pont-a-Mousson, the diversified glass and pipemaking group, to increase its consolidated net profits by 69 per cent to FFr 506m ($121m) during the first six months.

This result was achieved on a 17 per cent increase in sales to FFr 2.06bn, but included FFr 86m profit from the sale of assets against FFr 26m a year earlier.

Group cash flow rose by 13 per cent from FFr 1.27bn to FFr 1.44bn, while investments reached FFr 1.6bn against FFr 1.07bn in the first half of last year. Included in this year's figure is the FFr 581m spent on Saint-Gobain's diversification into the information processing and office automation industries with acquisitions of stakes in the Cii Honeywell Bull computer company, and the Olivetti office equipment group in Italy.

While the French interests of the group are still not as profitable as some of its overseas operations, the figures show a substantial improvement compared with the low point in 1978 when the domestic activities made an overall loss. At that time Saint-Gobain was constantly complaining about the depressing effect that Government price control measures, since relaxed, were having on industry.

According to the half-year results, French operations generated 52 per cent of the organisation's sales, but only 31 per cent of cash flow and 42 per cent of net profits.

The German subsidiaries of the group improved their performance, accounting for 18 per cent of total sales during the six months period, 23 per cent of cash flow and 29 per cent of net profits. However, the American operation, Certain Teed, with which Saint-Gobain has a long history of difficulty, ran up a net loss of FFr 31m. Certain Teed generated 9 per cent of consolidated sales but only 5 per cent of cash flow.

In other countries, results varied according to local economic conditions, with Benelux producing a loss, said Saint-Gobain.

Certain sectors of the group's wide ranging businesses showed a healthy increase in activity in the first half year, including the insulation, flat glass, type and container divisions in Europe. Other divisions which are still going through a reconstruction phase were either in losses or produced "insufficient profits." These include fibre reinforcements, machinery and paper.

Saint-Gobain estimates that profits in the second half of this year will show an improvement, while activity will decline slightly compared with last year. The group stresses that results from its recent acquisitions in the information and office equipment fields will only be included in the consolidated accounts for the full year to the end of December.

Skanska Cement raises profits

BY WESTERLY CHRISTNER IN STOCKHOLM

SHARPLY higher profits for the first eight months of this year were unveiled yesterday by Skanska Cement, Sweden's largest construction group.

At the pre-tax level, profits were SKr 394m ($93.4m), an increase of 63 per cent over the SKr 242m achieved over the opening eight months of 1979. For the year as a whole Skanska expects to be comfortably ahead at SKr 536m, against SKr 436m.

However, the prediction implies considerable pressure on trading during the final four months of the year. Over this period the forecast suggests a decline of 27 per cent.

Sales during the eight months rose to SKr 5.85bn ($1.4bn) from SKr 4.62bn. Orders from abroad fell to 29 per cent from 42 per cent of total orders. For 1980 as a whole, turnover will rise to SKr 9.8bn from SKr 8.6bn.

Eight-month order intake rose to SKr 8.4bn from SKr 7.7bn. "The order backlog from the Swedish market showed a continued sharp increase." But the company also notes that "the ongoing conflict in the Middle East" has affected a Skanska hotel construction project. Demand was also affected by this spring's domestic labour disruptions.

Order inflow for Skanska's industrial subsidiaries rose to SKr 300m from SKr 260m.

Earlier this year Skanska's annual report for 1979 suggested that the group would continue to grow in 1980. It credited higher operating earnings, a growing surplus from financial items and improved profits from property.

Skanska is one of the biggest private property owners in Sweden. Last year rental revenues rose to SKr 24m from SKr 21m.

The company has recently made a concerted effort to expand in North America. Having taken a 48 per cent shareholding in the Canadian Foundation building group, Skanska earlier this year made a $25m bid for a stake in Slatterys, a contracting unit of Alpha Portland Industries of the U.S.

Barlow Rand to buy stake in Reunert

By Jim Jones in Johannesburg

BARLOW RAND is to acquire a 51 per cent interest in Reunert and Lenz, a South African engineering equipment supplier. Under the deal, worth about R40m ($50m), Reunert, with annual sales of R110m will issue 3.75m new shares to Barlow Rand in exchange for Barlow's motor vehicle trading interests and mechanical handling equipment subsidiary Barlows Engineering Supply Company (Besco).

Mr. Mike Reunert, Reunert's chairman, said the rationale for the deal, which takes the company into new business fields, was that the company had excess liquidity and had reached the peak of market penetration in its own operations. The interests to be acquired from Barlow Rand are complementary to Reunert's operations. Besco is South Africa's largest forklift truck distributor and holds the Hyster, Crown, Tennant and Hobart franchises.

The companies have not revealed the full effects of the deal on Reunert's profits. However, it is estimated that following the merger earnings per share for the 15 months to September 30, 1981 will be 158 cents with a dividend forecast of 60 cents.

In a completely separate arrangement, existing Reunert shareholders (excluding Barlow Rand) are to receive a 167 cents per share repayment of capital.

Funds for this derive from Reunert's R4.7m sale of 930,000 ASEA South Africa shares to Anglo American Industrial Corporation in September.

Downturn expected by Oce-van der Grinten

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH COPIER group Oce-van der Grinten is to pay an unchanged interim dividend of Fl 4 per share despite a downturn in net profits in the first nine months of 1980 and the forecast of a 10 per cent decline for the year as a hole.

Operating profit improved modestly to Fl 27.3m ($13.5m) in the third quarter, on sales which were 10 per cent higher at Fl 341.5. But after a 55 per cent higher net interest charge profit at the net level fell 8 per cent to Fl 9.1m.

Net profit per share fell to 5.02 from 5.33.

In the nine months operating profit rose 11 per cent to Fl 79.5m on sales which were also 11 per cent higher at Fl 1.04bn, a development which the company described as "satisfactory." But net earnings dipped by 4 per cent to Fl 28m.

New products for the design engineering and commercial office markets have been "well received" and will provide a growing contribution to both sales and operating profits, the company said. OCE has decided to expand production of copying machines at its headquarters at Venlo.

OCE paid a dividend of Fl 8 in 1979 after a 3.3 per cent rise in net profits to Fl42.7m.

Operating profit rose 9.1 per cent to Fl103m last year on sales which were 4.3 per cent up at Fl 1.3bn.

● Wessanen, the Dutch foodstuffs group, is continuing its expansion in the U.S. with the take-over of a dairy products group serving northern Wisconsin. Marigold Foods, acquired by Wessanen in 1978, will buy the Great Lakes division of Fairmont Foods of Houston, Texas, for $4m.

Swiss fund moves ahead

By John Wicks in Zurich

USSEC, the Swiss-managed investment fund for U.S. securities, reports a "gratifying development" for the business year ended August 31. Issue price per certificate rose by 14.1 per cent over the year to SwFr 533. Overall assets went up slightly to SwFr 37.2m ($22.4m).

Exports boost Hitachi in first half

BY YOKO SHIBATA IN TOKYO

HITACHI, THE leading Japanese integrated electrical equipment maker, has reported continued steady growth in parent company sales and earnings for the half-year ended September 30, helped by brisk sales of semiconductors and video tape recorders (VTRs), and a 46 per cent upsurge in exports.

Operating profits advanced to a record Y57.84bn ($276m), up 12 per cent over the first half of 1979-80. Interim net profits also reached an all time high, of Y29.83bn, up 17 per cent, on record turnover of Y977.65bn, up 17 per cent. Profits per share improved to Y11.28 from Y9.73 a year earlier.

The company has announced a commemorative dividend of Y1 for the 70th anniversary of its founding to make a total interim payment of Y4.

In sales, heavy electrical apparatus showed the largest growth of 31 per cent over a year ago, to account for 24.9 per cent of the total turnover, as a result of order backlogs of nuclear power plants and thermal power plants. The largest contribution to turnover was made by the electronics division, providing 26.5 per cent of the total, an increase of 22 per cent over the previous year, with a marked increase in sales of semiconductors and computers. Semiconductors accounted for 30 per cent of electronics sales.

Sales by the industrial machinery sector rose 21 per cent, as a result of a boost in demand from the private sector for the modernisation of plant, and for energy and labour saving projects. Setbacks in sales were experienced in summer-oriented consumer items, such as air-conditioners, under the impact of the unusually cool summer. This, however, was offset by brisk exports of VTRs and total sales of consumer items were up by 4 per cent over the previous year.

Japan's production of VTRs accounted for 90 per cent of the world total last year and production this year is planned to reach 3.3m units, up a further 72 per cent. Hitachi's exports of VTR's in the first-half reflected those of the industry as a whole.

Brisk demand for cars helped Hitachi's car part sales to push up the transport machinery division contribution by 16 per cent to account for 12.9 per cent of the total.

In earnings, sales of semiconductors, VTRs and computers with a high added value made major contributions, but the ratio of the cost of sales to total sales was pushed up to 77.3 per cent from 75.9 per cent a year earlier. This reflected weakened sales of summer consumer products and lower export profitability as a result of the yen's appreciation.

The company's backlog of orders declined by 2 per cent in the period. A setback in orders received was attributed to a reaction to 1979's heavy demand for electric power plants. In the heavy electric apparatus sector, orders were down 28 per cent over the previous year. Ordes received in the electronics sector, however, gained by 24 per cent with brisk demand for semiconductors. Hitachi also resumed exports of large computers to overseas customers including National Semiconductor, in the U.S. and Olivetti in Europe.

The company expects sales of semiconductors in the current half to grow by 12 per cent to Y87bn bringing annual sales to Y17.1bn, which is some Y600m over the initial target. The proportion of export in total orders received in the first half jumped to 27.6 per cent from 19.8 per cent a year before.

For the full year to March, 1981, Hitachi's sales are expected to increase by 10 per cent, to Y1,867bn. The company makes no forecast for earnings due to uncertainties in the exchange rate and winter weather. Hitachi's capital investments this year will total Y72bn including Y30bn for the electronics division of which Y20bn will be used for the expansion of capacity for semiconductors. Hitachi's research and development expenditure is to be raised to Y58bn, to account for 6 per cent of total turnover, compared with Y56.3bn in the first half which accounted for 5.8 per cent of the total.

● Victor Company of Japan, part of the Matsushita group and the leading Japanese manufacturer of phonograph records and audio components and the developer of the UHS system of video cassette recorders, lifted first half after-tax profits from Y2.91bn to Y6.19bn ($29.6m) for the half year to September 20 on sales up from Y112.07bn to Y166.09bn ($793m). The interim dividend is raised from Y4.5 to Y5.

Monier sees downturn in earnings

SYDNEY—Mr. Stanley Owens, the chairman of Monier told the AGM that the effects of the U.S. recession may result in first half 1980-81 earnings below those of the previous strong first half despite a good start to the company's Australian operations.

Monier, an international building products group with increasing U.S. interests, made first-half net profits of A$7.01m (U.S.$8.2m) against full year 1979-80 profits of A$13.77m.

● The Australian Government has approved a proposal by Gerling-Konzern Globale Ruckversicherungs of West Germany to establish a reinsurance underwriting branch in Australia, Mr. John Howard, the Treasurer, announced yesterday. Approval was subject to the company introducing a minimum of 40 per cent Australian equity into the branch within five years.

Mr. Howard said the entry of one of the world's largest reinsurance companies into Australia would increase the capacity of the locally-based reinsurance market and would benefit Australian policy holders

Agencies

Green Palm raises HK$750m

HONG KONG—Tokyo Finance (Asia) the Bank of Tokyo subsidiary has announced that it is acting as lead manager and agent for a HK$750m (US$150m) guaranteed credit facility for Green Palm Estates, the property consortium.

The facility lasts until March 1984, and has three tranches. It will be used to finance the purchase of a central Hong Kong site and the construction there of a commercial building, the bank said at the signing yesterday.

The first tranche, for construction costs, is for HK$200m, carrying interest of 1½ per cent over the three month Hong Kong interbank offered rate (Hibor). The second and third tranches will assist payment for the site, which cost HK$908m in July.

One part is HK$275m, again with interest of 1½ per cent over Hibor, while the final tranche is fixed at U.S.$55.5m (equivalent to HK$275m), carrying interest at 1½ per cent over three month Singapore interbank offered rate.

A total of 16 banks from Australasia, Europe, Asia, and the U.S. will provide loans for the facility, which can be prepared or cancelled with penalties, Bank of Tokyo said.

* * *

The Hong Kong Stock Exchange (HKSE) is to allow overseas members full status. The decision will allow foreign brokers to trade shares directly on the exchange. At present they have to place orders through full local members.

Mok Ying Kie, the exchange chairman, said the decision stemmed from the Securities Commission saying it could not prevent The Far East Stock Exchange, another of the colony's four markets, from effectively granting full membership to an overseas firm.

Last year the Council of the Hong Kong Federation of Stock Exchanges resolved that Overseas members be denied full membership of any exchange in Hong Kong.

The Securities Commission has ruled that members of overseas exchanges should not be allowed full membership of Hong Kong's Unified Stock Exchange, which is the process of being established.

I legislation has already been enacted to allow for the Unified Exchange, which will group the HKSE, The Far East Exchange, The Kam Ngan Stock Exchange, and The Kowloon Stock Exchange, though no date has been set for the start of trading on the new exchange.

* * *

Regal Hotels (Holdings') public offer of 160m HK$1 shares at HK$1.90 each was 9.54 times oversubscribed, the company announced. Regal, at present a wholly-owned subsidiary of Great Eagle Company, said it received offers totalling HK$2.9bn for the offer.

Wardley Limited, underwriters of the offer, said allocation details for the issue will be available today.

Reuter

FLETCHER CHALLENGE

Merger plan attacked

BY DAI HAYWARD IN WELLINGTON

THE MERGER of three of New Zealand's top five industrial companies—Challenge Corporation, Fletcher Holdings and Tasman Pulp and Paper has been widely attacked, within hours of its announcement. Such diverse organisations as Federated Farmers, and the Labour Party—which seldom find common ground on any topic—have condemned the move.

A merger on this scale within the New Zealand economy would give private enterprise a bad name and makes nonsense of the philosophy of competition inherent in the private enterprise system, claims Federated Farmers. The farming organisations have objected strongly on the grounds that the development plans of the new group would divert resources from agriculture and take farming land for other use.

The leader of the Labour Party opposition, Mr. Wallace Rowling, condemned the merger as "frightening" in its implications for the New Zealand economy.

Defensive reaction

"Mr. Bruce Beatham, leader of the Social Credit Party, which at present is enjoying a dramatic upsurge in popularity, claims that the merger will lead to industrial chaos and destroy competitive private enterprise in New Zealand.

All were concerned that the grouping will spark off a defensive reaction from other industrial companies, feeling themselves forced to join together to protect their own future from take-overs.

The planned Fletcher Challenge Company, still has a number of hurdles to overcome, and has to receive the approval of the Supreme Court and of the 40,000 shareholders of all three companies. It has, however, already overcome some of the initial obstacles and has received approval from the Examiner of Trade Practices to go ahead without public examination by the Commerce Commission.

The new company has also been accepted by the Prime Minister, Mr. Robert Muldoon, who was informed in advance of the negotiations. The Prime Minister said that the merger would give New Zealand "more muscle" in certain areas to match Australian enterprise, and that this would be important in any proposed New Zealand - Australian economic union.

The new company would also be able to mobilise New Zealand capital more efficiently, to develop some of the major energy and other projects now open for development.

The new group would touch practically every aspect of New Zealand's commercial, financial, and agricultural life. Through Challenge, it will control the Broadland Dominion finance house, with assets of NZ$ 200m (US$ 1 95m). Already there are suggestions that the new group may get permission to establish a merchant bank.

All the existing operations within the three organisations will be grouped into a federation of six companies. These, says Mr. Ron Trotter, the chairman and proposed chief executive of the new group, will retain a considerable amount of independence while operating under a common parent. The parent company would devote much of its efforts to developing New Zealand resources and establishing new energy-orientated enterprises.

New Zealand has two important natural resources capable of major exploitation—forestry and electricity. Fletcher Challenge plans to be in the forefront in developing both of these.

Anticipating public criticism, and knowing that its very size would cause alarm in a New Zealand traditionally suspicious of big conglomerates, Fletcher Challenge has been at pains to stress that the group would not be large by international standards.

Mr. Trotter made great play when announcing the merger to staff and union representatives that there are 30 Australian companies larger than the new group. Despite this modest approach, there can be no denying the size, strength, and capability of the new company—which would be 15 per cent larger than New Zealand's previous biggest company, NZ Forest Products.

It would have a sales turnover of NZ$2bn a year. Exports alone will be worth NZ$400m a year. It will employ 20,000 workers, and will be the major exporter, principally through Tasman, of New Zealand's paper and pulp production.

A declared policy of the grouping is to expand exports rapidly, particularly in the forestry area. Within 30 years, New Zealand's forestry exports are seen as expanding sevenfold, and the Fletcher Challenge plan is for a major expansion of their operations to match this. "This sevenfold expansion is certain—the trees are already growing," says Mr. Trotter.

Although Tasman will lose a large share of its existing export market for newsprint in Australia when the new Australian paper mills plant comes into operation, the new company sees no reason for gloom at this cutback. It hopes to continue a reasonable level of newsprint sales to Australia and will look to Asia for growth markets in newsprint, paper and forest products.

Fletcher and Challenge between them already owned 85 per cent of Tasman. Fletcher had other newsprint and forestry interests, and both groups are anxious to expand in forestry operations. both were also contemplating the purchase of a new newsprint machine. This joint interest was one of the factors initiating discussions and the proposals to merge.

Project finance

The executives of the proposed new company believe it will have a much greater ability to finance the new projects, which will require massive cash outlays, than the constituents separately. An example of the new company's determination to press ahead rapidly with plans to expand exports and export earnings is the immediate announcement of the purchase of a new newsprint-making machine costing NZ$200m. This is the biggest single purchase by any New Zealand company without Government participation.

Fletcher is also committed to the construction of a new aluminium plant in partnership with the Swiss company, Aluminium-Swiss. This will cost at least NZ$600m.

Mr. Trotter, who is 51, has a background, as head of Wright Stevenson before it became the nucleus of the Challenge Corporation, in rural and agricultural projects. He has been at pains to stress that the new group will not desert or scale down its agricultural interests, and that it will not divert investment away from agriculture to other projects.

News of the merger of the three companies brought a share boom on the New Zealand stock exchange yesterday. Hectic trading sent the share price, index sharply upwards to break through records set several years ago.

Other shares, apart from the companies directly involved, and including forest products, also gained in the general reaction to what some people in New Zealand regard as one of the most exciting commercial developments for some years, but which others see as a frightening monopolistic ogre.

APPOINTMENTS

Grindlays Bank group changes

Mr. S. J. Benson has joined GRINDLAY BRANDTS INSURANCE BROKERS as a director of the newly-established financial institutions division which specialises in the insurance needs of banks and financial institutions.

GRINDLAYS BANK has also announced the regrouping of the bank's marketing units for the UK, with the following senior appointments in London. Mr. F. H. Brittain, director, financial institutions, responsible for the business of the group with financial institutions and correspondent banks. Mr. C. D. Batt, director, specialised financial services, in charge of leasing, hire purchase, insurance broking and timber agency.

*

Mr. B. M. P. Thompson-McCausland, who is now non-executive vice-president, will become in addition chief executive of the LONDON LIFE ASSOCIATION in April, 1981, when Mr. A. K. Tudor retires on reaching the normal age limit. Mr. Thompson-McCausland will continue as a director of Arbuthnot Latham Holdings.

*

Lord Remnant will not seek re-election as a director of ANZ BANKING GROUP at its annual meeting on January 19, 1981. Lord Remnant lives in the UK. He has been a director of the bank since 1969 and was deputy chairman from June, 1975, until the transfer of domicile to Australia in September, 1976.

*

The director-general of the National Economic Development Office has reappointed Mr. Basil Feldman to serve a second term as chairman of the ECONOMIC DEVELOPMENT COMMITTEE FOR THE CLOTHING INDUSTRY.

*

Mr. David Berriman, a director of Guinness Mahon and Co., has been appointed deputy chairman of BUNZL TEXTILE HOLDINGS.

*

Mr. B. H. Lewis has joined the board of PERCY LANE GROUP. He is a director of Robert Fleming and Co., the group's financial advisers.

*

Mr. Robert Cowell has been appointed head of investment research at HOARE GOVETT, stockbrokers, from December 1.

*

Mr. Martin Marcus has been appointed joint managing director of QUEENS MOAT HOUSES, an office he will hold jointly with Mr. John Bairstow, the chairman. Mr. David M. Hersey has joined the Board and continues as company secretary.

*

Mr. P. W. J. van Rensburg, an executive director of GOLD FIELDS OF SOUTH AFRICA, has been appointed deputy chairman from December 1. Mr. C. T. Fenton and Mr. B. R. van Rooyen, general managers of the company, have been appointed executive directors from the beginning of next month.

*

Mr. Sydney A. Jones has been appointed a non-executive director of MOORGATE MERCANTILE HOLDINGS. Until his retirement last December, Mr. Jones was managing director of North West Securities, the instalment credit subsidiary of the Bank of Scotland.

*

Mr. A. R. Jackson has been appointed managing director of CREST ENGINEERING (UK) Inc., London.

*

Mr. P. H. Martin is to resign as financial director of the SOLICITORS' LAW STATIONERY SOCIETY from the end of this month, for personal reasons.

*

Mr. Ercole Morino has been appointed to the Board of DHJ INDUSTRIES EUROPE S.A. Mr. Morino is the managing director of the group's Italian operations and has been with DHJ since its inception.

*

Mr. Stephen F. Guthman has been appointed managing director of the LINGUAPHONE INSTITUTE, London, a subsidiary of Westinghouse Electric Corporation.

*

Six industrialists have been appointed vice-presidents of the INSTITUTE OF MARKETING to sit on its newly-established president's advisory committee. They are Sir Kenneth Corfield, Sir Montague Finniston, Sir John Greenborough, Mr. Ronald Halstead, Mr. Patrick Neary, and Mr. Edward Nixon.

*

Mr. Trevor Hopkins has been appointed managing director of SISTEX SUPPLIES, a member of Ellerman Commercial Holdings. Mr. Hopkins was previously managing director of Abrafact.

*

Mr. J. E. Everitt has been appointed managing director of MATBURN (HOLDINGS) and its principal subsidiary, Eschmann Bros. and Walsh in place of Mr. R. E. B. Rollo, who is retiring from the Boards of both companies which are members of the Glaxo group. Mr. Everitt was formerly director of marketing with BOC Medishield Corporation.

China drawing back from 20 years of colonial rule

Peking's turn round on Tibet

BY PHILIP BOWRING

THERE COULD soon be as many Russians in the "Independent" State of Afghanistan as there are (ethnic) Chinese in China's Tibetan Autonomous Region.

Early reduction in the numbers of Soviet personnel in Afghanistan from its current estimated 150,000 is unlikely. But Peking recently committed itself to a drastic reduction in the number of Han (ethnic Chinese) civilians in Tibet from the current 120,000. China also has army units in Tibet, perhaps totalling 100,000.)

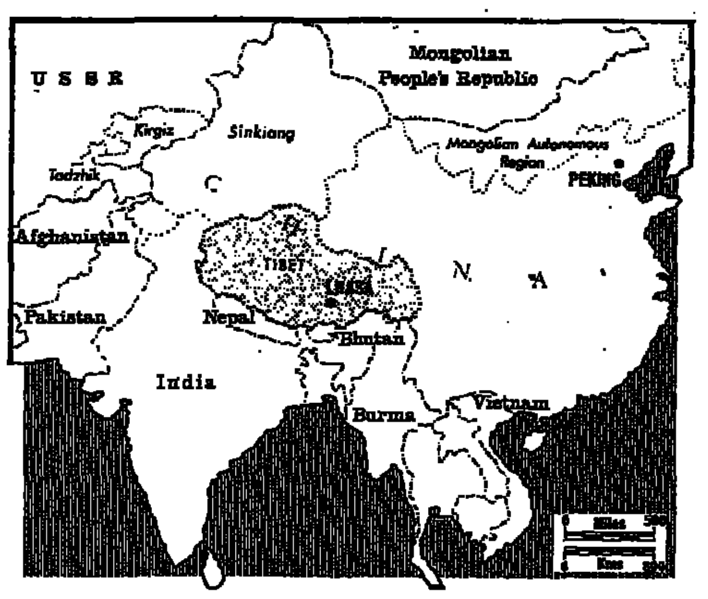
Just at the moment when the Russians are pursuing a "forward" policy towards Central Asia, China may be drawing back from 20 years of its own "forward" policy by making significant concessions to Tibetan nationalism.

It is trying to show itself as a moderate, tolerant friend to the non-Han, non-Russian peoples of the area, the kindly father and protector in contrast to Moscow's blood and iron rule and European racism.

It is too early to judge to what extent China's about-face on Tibet is simply part of the reaction against all the policies of Mao and the "Gang of Four"; or to what extent it is a well-considered strategy to strengthen its defence of the vast, thinly populated central Asian regions and also to dampen Asian suspicions of China's own chauvinist and hegemonic tendencies.

Tibet, at 1.2m square kilometres, is rather larger than Afghanistan, but it has never had the same strategic importance. Afghanistan is not just a mountain barrier, it is the historical gateway between West and South Asia on the one hand and East and Central Asia on the other. Tibet is simply a massive mountain barrier between North and South, East and West. However though it has no border with the USSR, the Russians are close enough in Kirghiz and Tadhzikistan, and now Afghanistan, to be taken seriously. And Tibet, the only part of China where Hans are an insignificant minority, has a long border with India.

Direct threats to China come from the Russians not India. But India may provide a clue to Chinese thinking on Tibet. Historically Tibet has mostly been in the Chinese political orbit. But culturally there has always been closer affiliation to India. Tibetan scrip derives from Sanskrit and the mysticism, the local mix of Buddhism and pantheism, the affection for colourful and complex religious rituals seem natural enough to visitors from the subcontinent but leave Han Chinese aghast.



Monks drinking butter-tea (made of salted tea and whipped yak-butter) at the Potala Palace in Lhasa.

Twenty years of Han cultural chauvinism, 20 years of colonial-style rule, 20 years of Maoist fundamentalism and 20 years of vitriolic propaganda against the former "theocratic slave society" have failed to wipe out the culture which is at the core of Tibet.

Han cadres

China has now recognised at least some of its failings. Following a high level visit from Peking earlier this year it announced a plan to replace thousands of Han cadres and workers with Tibetans in the next three years, encourage Tibetan language and culture, and permit freedom of worship.

In an effort to show off its recognition of past errors and new reform programme the Government in the past few months invited two groups of foreign correspondents, one from Peking the other from Hong Kong, to take a look. Also representatives of the exiled Dalai Lama have been making extensive visits.

The local Chinese authorities have clearly been upset by the vehemence of the criticism that the foreign Press has heaped upon them. The poverty of the place is so obvious and overwhelming that it has to be admitted. Lobsan Cixen, vice chairman of the Autonomous Government, went so far as to confess that 30 per cent of the people were now worse off than they were in 1965.

The depredations of the Red Guards in the mid-1960s who destroyed or damaged many of Tibet's cultural treasures, such as the Gaden monastery near Lhasa, are admitted, albeit grudgingly.

But high level realisation of mistakes have only begun to seep down to the cadres in Lhasa. Most are baffled and angry that foreigners do not take for granted Han attitudes of superiority. They fail to see the colonial manifestations which surround them:

- The cooks and waitresses at the Government guesthouse are Hans from East China.
- Few Han cadres speak even a smattering of Tibetan. In schools there are separate classes for the two nationalities and Hans are not expected to learn Tibetan.
- Hans are paid a bonus for the "hardship" of living in this part of the "motherland."
- The chief guide to the Norbelinka, the summer residence of Dalai Lamas is the young daughter of an army officers from Anwhei. She knows no Tibetan. However, that may not be much of a drawback as few Tibetans are permitted to visit this important manifestation of Tibetan art.

The crude approach of local cadres is further illustrated by the museum which has been installed at the foot of the Potala, the great palace which is the symbol of Tibetan culture. The museum boasts highly exaggerated achievements of the post-1959 regime. Worse, it contains fabricated exhibits including photos purporting to show that under the old society sacrifice of orphaned children was carried out. The old society was medieval and in many ways oppressive. But Chinese resort to such crude fabrications only increases the contempt with which they are held by many Tibetans.

In contrast to local Han cadres, recent high ranking visitors from Peking have been perceptive and come away very concerned. They have realised the extent of discontent against the Government, and in particular the depth of Tibetan suspicion of Hans. Hence the order for a rapid Han exodus over the next three years and their replacement by Tibetan cadres. However loyal the chosen Tibetans may be to the party and Peking, they will inevitably be more susceptible to local national feelings than Hans who have had little social contact with the people they have been ruling.

Tibet is only just at the beginning of a transition. It is uncertain how far Peking will allow regional, genuinely Tibetan, autonomy to develop. Religion is perhaps the most critical issue because it is so central to Tibetan culture, so much the core of the old society.

Some monasteries, including the Drepung Monastery, once the world's largest, have been partially restored, but as "cultural relics" not living places of religion. Some shrines, notably the Jokha Kan temple in the middle of Lhasa, have been reopened. Daily it attracts thousands. But young men are still not being permitted to become monks. The few monks who have been allowed to stay at the few places of worship which were not destroyed or totally shut down are getting on in years.

The Chinese may, perhaps, never allow the revival of a religion which is the antithesis of their culture, let alone their Marxist ideology.

However, it may be hard to retreat now. Specific reforms have been very publicly proclaimed. Repeated overtures have been made to the Dalai Lama to return from exile in the knowledge that he is unlikely to go back until at least some of the reform promises had been translated into action. By allowing Dalai Lama representatives and foreign journalists and tourists to visit the country—albeit on a restricted basis—China has raised the morale and expectations of Tibetan nationalism.

Mischief making

It may sound strange, but the leaders in Peking may be beginning to see Tibetan nationalism as an ally not an enemy. There is a strong argument that giving Tibetan society considerable leeway to go its own peculiar ways would be an antidote to Soviet and Indian mischief making. It could also have a favourable impact on other Central Asian peoples, particularly the Mongols who have close historic ties with Tibetan Lamaist Buddhism. (Mongols are currently mainly divided between the China's Mongolian Autonomous Region and the Soviet satellite, the Mongolian People Republic.)

A hands-off policy towards Lhasa would not be new for Communist China. The People's Liberation Army (PLA) first marched into Tibet in 1950. But that was to assert Chinese sovereignty rather than institute direct rule. For nearly 10 years the old Tibetan social system was allowed to remain largely intact until accommodation was destroyed by the rise of radicalism in China, by last ditch obstructionism by some Tibetan nobles and clergy and by U.S. and Indian encouragement of separatist movements. All that led to the 1959 rebellion, the flight of the Dalai Lama, and the subsequent supression of the monastries.

None other than China's current kingmaker, Deng Xiaoping, was associated with those gradualist years before Maoist radicalism triumphed and in Tibet Han chauvinism, wrapped in the garments of world revolution, became the order. Now it's back to the pragmatism of earlier years.

China may also have decided that Tibet cannot be colonised by Hans, who at present constitute only 5 per cent of the population because of the altitude, the climate and the lack of cultivable land. It may prefer to draw back from direct rule to older, imperial concepts summed up by the tribute system. Under this, Peking expected tributary states to acknowledge the overlordship of the Emperor and to send tribute to Peking. But the Chinese do not dirty their hands trying to rule "barbarian" non-Han peoples. So long as they acknowledged overlordship and did not undertake policies contrary to Peking's interests they were left alone.

China's leading national interests in Tibet are a secure, popular government immune from subversion by nationalism, a location for missile bases and a place to garrison PLA units—units which will be welcomed as defenders rather than seen as an occupational force.

If Peking can compromise with capitalism, the U.S. and Pol Pot to defend its national interests it should be able to compromise with a nation which has always wanted to be left the way it is, cut off and alone on the roof of the world.

CURRENCIES, MONEY and GOLD

Sterling strong

Sterling remained very firm in the foreign exchange market yesterday, touching a seven-year peak of $2.4520-2.4530 against the dollar around lunch time. In the afternoon it fell back, but still gained 75 points on the day, to finish at $2.4420-2.4430, which was also the highest closing level for seven years. The pound's trade-weighted index, as calculated by the Bank of England, rose to a 5½-year high of 78.6, from 78.3, after opening at 78.1 and rising to 78.4 at noon.

Trading was cautious in the morning, although sterling was already firmer before the announcement of no change in Bank of England Minimum Lending Rate, touching $2.4430, before easing to $2.4380 at noon. The pound rose to DM 4.5475 from DM 4.5375 against the D-mark and to SwFr 4.0575 from SwFr 4.0475 against the Swiss franc.

The dollar's index, on Bank of England figures, rose to 84.5 from 84.4. The U.S. currency eased to DM 1.8610 from DM 1.8625 against the D-mark, and to SwFr 1.6610 from SwFr 1.6620 in terms of the Swiss franc. It was slightly firmer against the yen, however, improving to Y210.25 from Y209.40.

D-MARK — Second weakest member of the European Monetary System, and lower against the dollar on interest rate differentials. The German currency is around a six-month low against the dollar and a four-year low in terms of sterling—The D-mark showed mixed changes at the Frankfurt fixing, gaining ground against the dollar and Swiss franc, but declining against sterling and the French franc. The Bundesbank did not intervene when the dollar was fixed at DM 1.8627 compared with DM 1.8691, and the U.S. currency continued to decline in quiet trading on the lack of any political or economic news. Sterling rose to DM 4.5540, from DM 4.5530, but eased slightly to around DM 4.55 by mid-afternoon. Among EMS members the Dutch guilder and French franc rose against the D-mark, while the Danish krone was fixed unchanged, and the Irish punt, Belgian franc and Italian lira eased.

BELGIAN FRANC — One of the weaker members of the EMS, but under no heavy pressure despite recent political problems, thanks to the low level of the D-mark—The Belgian franc weakened against most other members of the EMS, but improved slightly against the Irish punt at the Brussels fixing. The dollar fell to BFr 29.835 from BFr 29.915, but sterling rose to BFr 72.9525 from BFr 72.80.

DUTCH GUILDER — Remaining firm near the top of EMS, helped by high interest rates and energy supplies in the form of North Sea gas—The guilder improved against the dollar at the Amsterdam fixing, with the U.S. currency easing to DFl 2.0175 from DFl 2.0240, and declining to DFl 2.0145 by late afternoon.

JAPANESE YEN—Remaining firm especially against the dollar, reflecting the marked improvement in Japan's economic performance—The yen lost ground in moderate Tokyo trading, with the dollar closing at Y209.25, compared with Y208.35 on Wednesday. The U.S. currency opened at Y209.10 and touched a peak of Y209.35, remaining firm on rumours that the Bank of Japan may be considering a cut in the discount rate from 8¼ per cent.

THE POUND SPOT AND FORWARD

Oct. 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4260-2.4530	2.4420-2.4430	0.65-0.55c pm	2.95	1.50-1.40 pm	2.37
Canada	2.8365-2.8700	2.8565-2.8585	1.60-1.40c pm	6.09	3.15-3.05 pm	4.34
Nethlnd.	4.88-4.96	4.92-4.93	3⅝-2⅝c pm	7.61	8½-7½ pm	6.39
Belgium	72.20-73.30	72.70-72.80	40-30c pm	5.77	83-73 pm	4.29
Denmark	13.80-14.06	13.96-13.97	4⅛-2⅜ore pm	3.06	3½-1⅞ pm	0.77
Ireland	1.2030-1.2166	1.2130-1.2140	0.29-0.20p pm	2.42	0.67-0.58 pm	2.06
W. Ger.	4.51-4.58	4.54½-4.55½	3⅛-2⅝pf pm	8.25	8⅝-7⅝ pm	7.15
Portugal	123.20-124.70	124.00-124.20	10c pm-35 dis	−1.21	15-105 dis	−1.93
Spain	181.35-183.60	182.50-182.60	135-195c dis	−10.85	370-450 dis	−8.98
Italy	2135-2164	2153-2154	7¼-5¼ore pm	6.49	29½-32½ dis	−5.76
Norway	11.93-12.08	12.01-12.02	5½-7½lire dis	−3.62	14½-12½ pm	4.43
France	10.39-10.55	10.47½-10.48½	5¾-4¾c pm	6.01	11¾-10¾ pm	4.29
Sweden	10.22-10.36	10.27½-10.28½	1½-½ore pm	1.09	5 pm-par	0.12
Japan	505-520	513½-514½	16-13gro pm	5.41	8.15-7.75 pm	6.19
Austria	31.90-32.40	32.15-32.20	3.05-2.90y pm	6.84	33-27 pm	3.73
Switz.	4.02-4.10	4.05¾-4.06¾	5-4c pm	13.31	11½-10½ pm	10.97

Belgian rate is for convertible francs. Financial franc 72.90-73.00. Six-month forward dollar 1.90-1.80c pm. 12-month 2.30-2.20c pm.

THE DOLLAR SPOT AND FORWARD

Oct. 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4260-2.4530	2.4420-2.4430	0.65-0.55c pm	2.95	1.50-1.40 pm	2.37
Ireland†	2.0142-2.0220	2.0140-2.0160	0.10c pm-par	0.30	0.20-0.10 pm	0.30
Canada	1.1683-1.1691	1.1683-1.1686	0.22-0.17c pm	2.00	0.63-0.58 pm	2.07
Nethlnd.	2.0120-2.0180	2.0140-2.0150	0.90-0.80c pm	5.07	2.20-2.10 pm	4.27
Belgium	29.74-29.80	29.77-29.79	8-6½c pm	2.92	15-12½ pm	1.85
Denmark	5.7142-5.7240	5.7185-5.7200	0.50ore pm-par	0.52	1.90-2.40dis	−1.50
W. Ger.	1.8565-1.8665	1.8605-1.8615	0.90-0.86pf pm	5.67	2.32-2.27 pm	4.95
Portugal	50.72-50.85	50.75-50.85	10-25c dis	−4.13	35-70 dis	−4.13
Spain	74.80-74.88	74.83-74.88	75-90c dis	−13.22	190-220dis	−10.95
Italy	881.20-882.10	881.60-881.90	1.65-1.15ore pm	3.42	17-19 dis	−8.17
Norway	4.9115-4.9210	4.9170-4.9185	4-5lire dis	−6.12	2.90-2.40 pm	2.16
France	4.2840-4.2965	4.2945-4.2965	1.10-1.00c pm	2.94	2.10-2.00 pm	1.91
Sweden	4.2110-4.2140	4.2130-4.2140	0.60-0.75ore dis	−1.92	2.35-2.50dis	−2.30
Japan	208.50-210.80	210.20-210.30	0.75-0.60y pm	3.85	2.10-1.95 pm	3.85
Austria	13.14½-13.18	13.17-13.18	3.20-2.60gro pm	2.64	5.75-4.00 pm	1.48
Switz.	1.6570-1.6650	1.6605-1.6615	1.62-1.52c pm	11.34	2.80-2.60 pm	6.50

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Oct. 23	Bank of England Index	Morgan Guaranty Changes%
Sterling	78.6	−27.1
U.S. dollar	84.5	−9.3
Canadian dollar	80.5	−17.5
Austrian schilling	151.6	+23.0
Belgian franc	113.7	+12.1
Danish kroner	104.4	−6.2
Deutsche mark	150.1	+41.2
Swiss franc	197.2	+81.8
Guilder	124.8	+19.0
French franc	99.5	−6.6
Lira	51.7	−52.1
Yen	136.6	+34.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Oct. 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.534591	0.552422
U.S. $	11	1.30205	1.36922
Canadian $	11.60	1.52040	1.59746
Austria Sch	6¾	17.2170	18.1216
Belgium F	12	38.9508	40.9704
Danish K	12	7.48223	7.86820
D'mark	7½	2.43366	2.56071
Guilder	8	2.63835	2.77385
French Fr	9½	5.61509	5.90680
Lira	16½	1151.34	1211.07
Yen	8.25	271.477	286.098
Norwgn. Kr	9	6.43994	6.75708
Spanish Pts	8	97.3933	102.554
Swedish Kr	10	5.49660	5.77946
Swiss Fr	3	2.16336	2.27938

OTHER CURRENCIES

Oct. 23	£	$		£ Note Rates
Argentina Peso	4752-4772	1943-1950	Austria	32.00-32.35
Australia Dollar	2.0800-2.0840	0.8520-0.8525	Belgium	72.60-73.35
Brazil Cruzeiro	145.60-146.60	59.595-59.795	Denmark	13.96-14.11
Finland Markka	9.04¼-9.05	3.7075-3.7085	France	10.45-10.55
Greek Drachma	104.588-107.105	43.05-43.23	Germany	4.53-4.58
Hong Kong Dollar	12.3185-12.3305	5.0390-5.0410	Italy	2145-2246
Iran Rial	n.a.	n.a.	Japan	513-520
Kuwait Dinar(KD)	0.648-0.654	0.2679-0.2680	Netherlands	4.90-4.95
Luxembourg Frc.	72.70-72.80	29.77-29.79	Norway	12.00-12.12
Malaysia Dollar	5.2050-5.2150	2.1305-2.1325	Portugal	117½-132½
New Zealand Dlr.	2.4885-2.4935	1.0195-1.0205	Spain	177½-187
Saudi Arab. Riyal	8.04-8.10	3.3215-3.3240	Sweden	10.28-10.40
Singapore Dollar	5.0755-5.0855	2.0775-2.0795	Switzerland	4.04-4.08
Sth. African Rand	1.8280-1.8295	0.7486-0.7490	United States	2.43½-2.45½
U.A.E. Dirham	8.93-8.99	3.6890-3.6905	Yugoslavia	75-76

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.0038	+3.05	+0.87	±1.53
Danish Krone	7.72336	7.87349	+1.94	−0.24	±1.64
German D-Mark	2.48208	2.56170	+3.21	+1.03	±1.125
French Franc	5.84700	5.90237	+0.95	−1.23	±1.3557
Dutch Guilder	2.74362	2.77277	+1.06	−1.12	±1.512
Irish Punt	0.668201	0.681727	+2.02	−0.16	±1.682
Italian Lira	1157.79	1212.44	+4.72	+2.69	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 23	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.443	4.548	514.0	10.48	4.058	4.925	2154.	2.856	72.75
U.S. Dollar	0.409	1.	1.862	210.4	4.290	1.661	2.016	881.7	1.169	29.79
Deutschemark	0.220	0.537	1.	113.0	2.304	0.892	1.083	473.6	0.628	16.00
Japanese Yen 1,000	1.946	4.752	8.847	1000.	20.38	7.894	9.582	4190.	5.556	141.5
French Franc 10	0.954	2.331	4.340	490.6	10	3.873	4.701	2055.	2.726	69.43
Swiss Franc	0.246	0.602	1.121	126.7	2.582	1.	1.214	530.7	0.704	17.93
Dutch Guilder	0.203	0.496	0.923	104.4	2.127	0.824	1.	437.3	0.580	14.77
Italian Lira, 1,000	0.464	1.134	2.112	238.7	4.865	1.884	2.287	1000.	1.326	33.78
Canadian Dollar	0.350	0.855	1.592	180.0	3.669	1.421	1.724	754.0	1.	25.47
Belgian Franc 100	1.375	3.357	6.251	706.5	14.40	5.577	6.770	2960.	3.926	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 23)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 11/16	offer 13 15/16	bid 13 9/16	offer 13 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Oct. 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	18¼-18¾	13-13¼	7½-8½	9-9⅛	⅝-⅝	8⅝-8¾	11-11¼	14-17	38-38⅛	9⅝-9⅞
7 days' notice	18-18¼	13-13¼	9¾-10¾	9⅛-9⅜	6¼-6¾	8 11/16-8 13/16	11⅛-11⅝	19-21	14⅞-15	10¼-10½
Month	17⅛-17¼	13½-14 1/16	10⅝-10⅜	9⅛-9¼	4¼-4⅜	8¾-8⅞	11 [illegible]-11 [illegible]	20¼-21¼	14 [illegible]-14 [illegible]	10-10⅛
Three months	16 [illegible]-16 [illegible]	13 [illegible]-13 [illegible]	11⅛-11⅝	9¼-9 [illegible]	5¼-5⅜	8¾-8⅞	11 [illegible]-11 [illegible]	21½-22½	15⅝-13¾	9⅝-9⅞
Six months	15⅜-15½	13 [illegible]-13 [illegible]	12-12¼	9 [illegible]-9½	5⅞-5 [illegible]	8⅝-8¾	12¼-12⅛	22-23	13 [illegible]-13 [illegible]	9½-9¾
One Year	14 [illegible]-14⅛	12 [illegible]-12 [illegible]	12⅛-12⅜	9⅜-9 [illegible]	5⅜-5½	8½-8⅝	12⅝-12⅞	21¾-22¾	13 [illegible]-13 [illegible]	9½-9¾

Long-term Eurodollar two years 12¾-13 per cent; three years 12¾-13 per cent; four years 12¾-13 per cent; five years 12¾-13 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.30-13.40 per cent; three months 13.55-13.65 per cent; six months 13.50-13.60 per cent; one year 13.10-13.20 per cent.

INTERNATIONAL MONEY MARKETS

European rates mixed

Interest rates in Europe showed no clear overall trend yesterday in rather featureless trading. In Frankfurt call money was quoted at 9.10-9.15 per cent compared with 9.00-9.10 per cent on Wednesday, while the one-month rate was unchanged at 9.10-9.20 per cent. In Paris call money eased to 11 per cent from 11⅛ per cent to equal its lowest level for two months. Dutch rates were mostly steady, although three-month money eased slightly to 9¼-9⅜ per cent from 9½-9¾ per cent.

In Zurich the three major Swiss banks, Union Bank of Switzerland, Swiss Bank Corporation, and Credit Suisse as well as Swiss Volksbank, lowered their interest rates on deposits. This was seen as a reflection of the slightly easier trend in Euromarket rates, and the move was generally expected, even though it is the first downward movement for several months.

Deposits for between 3 and 11 months for amounts between SwFr 100,000 and SwFr 250,000 now carry a 4 per cent rate as against 4¼ per cent previously, with amounts up to SwFr 5m attracting 4¾ per cent compared with 5 per cent. On 12-month deposits, the rates are 4 per cent for the smaller range and 4¼ per cent for the larger.

In Stockholm the central bank increased commercial banks liquidity ratios by 1 per cent, with effect from November 1. This is seen as an attempt by the authorities to restrict bank lending.

MONEY RATES

NEW YORK	
Prime Rate	14
Fed. Fund	13-13¼
Treasury Bills (13-week)	11.82
Treasury Bills (26-week)	11.76
GERMANY	
Discount Rate	7.50
Overnight Rate	9.125
One month	9.15
Three months	9.15
Six months	8.80
FRANCE	
Discount Rate	9.5
Overnight Rate	11.0
One month	11.3125
Three months	11.5625
Six months	11.875
JAPAN	
Discount Rate	8.25
Call (Unconditional)	10.9375
Bills Discount (three-month)	10.78125

UK MONEY MARKET

Further shortage

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury bills and local authority bills, direct from discount houses, and a small number of eligible bills, for resale at fixed future dates. The help was made up with small loans to six or seven houses at MLR, for repayment today. The market was faced with the repayment of Wednesday's moderate official advances, while on the other hand, Government disbursements exceeded revenue transfers to the Exchequer by a small amount.

In the interbank market overnight money opened at 18-18¼ per cent and eased to 17 per cent before coming back to 17½-17¾ per cent. During the afternoon it fluctuated between 18 per cent and 16 per cent, with closing balances taken at 18 per cent.

GOLD

Sharp fall

Gold fell $23 to close at $635-$638 in the London bullion market yesterday. It opened sharply weaker at $648-651, following the earlier trend in the U.S. on hopes of the release of the hostages in Iran, and touched a low point of $633-635 shortly before the afternoon fixing. The selling pressure built up during the day as speculative positions were liquidated on fears of a sustained downward trend.

Gold trading was cancelled in Paris for the second consecutive day because of a bomb threat.

In Frankfurt the 12½-kilo bar was fixed at DM 38,600 per kilo ($645 per ounce), compared with DM 39,665 ($659.83) previously, and finished at $636-638, against $659-661 on Wednesday.

In Zurich gold closed at $634-$637, compared with $658-661.

	Oct. 23		Oct. 22	
Gold Bullion (fine ounce)				
Close	$635-638	(£259¾-261)	$658-661	(£270¼-271½)
Opening	$648-651	(£266¼-267½)	$658-661	(£270-271¼)
Morning fixing	$649.25	(£266.446)	$659.50	(£270.066)
Afternoon fixing	$634.50	(£259.244)	$660	(£270.936)
Gold Coins				
Krugerrand	$656-658	(£268-269½)	$679-681	(£278½-280)
1/2 Krugerrand	$336-340	(£136-140)	$345-350	(£141-145)
1/4 Krugerrand	$170-174	(£68-72)	£175-179	(£71-74)
1/10 Krugerrand	$69-72	(£28-30)	$71-74	(£29-31)
Mapleleaf	$650-654	(£265½-268½)	$672-676	(£274½-277½)
New Sovereigns	$162-163	(£66¼-67¼)	$167-168	(£68½-69)
King Sovs	$184-186	(£75-77)	$187-189	(£76½-78½)
Victoria Sovs	$184-186	(£75-77)	$187-189	(£76½-78½)
French 20s	$168-172		$168½-170½	
50 pesos Mexico	$794-798		$820-825	
100 Cor. Austria	$621-625		$642-646	
$20 Eagles	$756-760		$767-771	

LONDON MONEY RATES

Oct. 23 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16-18¼	17¾-17⅞	—	—	16½-16¾	15½-16	—	—	—
2 days notice	—	—	17¾-17⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17¾-18	17⅛-17⅜	—	18¼	—	15¾-16	—	—	—
One month	17-16 13/16	17 [illegible]-17 [illegible]	16⅛-16¼	16¾-17	17½	17½	15½	14½	16 1/16-16⅛	16⅝
Two months	16⅝-16 [illegible]	16⅝-16¾	—	16¾-17	17	17½-17⅝	14⅞	14½	15 15/16-16	16⅝
Three months	16 [illegible]-16 [illegible]	16¼-15⅝	15¾-15⅝	16-16½	16½	15⅞	14½-14⅝	14 [illegible]-14⅝	15⅝-15 [illegible]	16⅛
Six months	15 [illegible]-14⅞	16 [illegible]-15 [illegible]	14¼	15-15⅝	15½	15½	—	—	14	14⅞
Nine months	14½-14⅝	14½-14⅝	—	14⅝-15	14⅞	15⅜	—	—	—	—
One Year	14-13 15/16	14⅛-14¼	13⅝-13⅞	14⅛-14½	14½	15⅛	—	—	—	—
Two years	—	—	13 [illegible]-13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13⅞-13¾ per cent; four years 13⅞-13¾ per cent; five years 13⅞-13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 per cent; four-months trade bills 15½ per cent.

Approximate selling rate for one-month Treasury bills 14 9/32-14 11/32 per cent; two-months 14 9/32-14 11/32 per cent; three-months 14¼-14 9/32 per cent. Approximate selling rates for one-month bank bills 16 3/32-16⅛ per cent; two-months 15 11/16 per cent; three-months 15¾-15 25/32 per cent; one-month trade bills 16⅝ per cent; two-months 16¼ per cent and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.2720 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 22, 1980. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assumes responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.1433
Algeria	Dinar	3.8325
Andorra	French Franc	4.3103
	Spanish Peseta	74.945
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1940.50
Australia	Australian $	0.8511
Austria	Schilling	13.2125
Azores	Portug. Escudo	50.75
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	74.945
Bangladesh	Taka	14.9524
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	29.897
	B. Franc (F)	29.975
Belize	Belize $	2.00
Benin	C.F.A. Franc	215.515
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.72
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7661
Brazil	Cruzeiro	58.38
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.089
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
CamerounRepub'c	C.F.A. Franc	215.515
Canada	Canadian $	1.1671
Canary Islands	Spanish Peseta	74.945
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	215.515
Chad	C.F.A. Franc	215.515
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.475
Colombia	Col. Peso (O)	49.27
Comoros Islands	C.F.A. Franc	215.515
Congo (Brazaville)	C.F.A. Franc	215.515
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.70
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (O)	5.50
DemRep.SaoTome & Principe	S. Tome Dobra	34.7233
Denmark	Danish Krone	5.747
Djibouti Rp. of	Djibouti Franc	170.242
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'can Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	74.945
Ethiopia	Birr (O)	2.0655
Faroe Islands	Danish Krone	5.747
Falkland Islands	Falkland Is. £*	2.4377
Fiji Islands	Fiji $	0.7872
Finland	Markka	3.7125
France	French Franc	4.3103
French C'ty in Af.	C.F.A. Franc	215.515
French Guiana	Local Franc	4.3103
French Pacific Is.	C.F.P. Franc	72.6094
Gabon	C.F.A. Franc	215.515
Gambia	Dalasi	1.6409
Germany (East)	Ostmark (O)	1.8697
Germany (West)	Deutschemark	1.8697
Ghana	Cedi	2.75
Gibraltar	Pound*	2.4377
Gilbert Is.	Kiribati	0.8511
Greece	Drachma	43.175
Greenland	Danish Krone	5.747
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.3103
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.7641
Guinea Republic	Syli	18.7486
Guyana	Guyanese $	2.5481
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	5.043
Hungary	Forint (O)	32.23
Iceland	I. Krona	526.10
India	Ind. Rupee	7.72
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2955
Irish Republic	Irish Punt*	2.0152
Israel	Shekel	6.02
Italy	Lira	885.00
Ivory Coast	C.F.A. Franc	215.515
Jamaica	Jamaican Dollar	1.7836
Japan	Yen	208.97
Jordan	Jordan Dinar	0.295
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.4128
Korea (Nth)	Won	0.94
Korea (Sth)	Won	638.10
Kuwait	Kuwait Dinar	0.2679
Lao P'pls D. Rep	Kip of Lib.	16.00
Lebanon	Lebanese Pound	3.4987
Lesotho	Loti	0.7488
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.652
Luxembourg	Lux Franc	29.897
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	215.515
Madeira	Portuguese Escudo	50.75
Malawi	Kwacha	0.8016
Malaysia	Ringgit	2.133
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	431.03
Malta	Maltese Pound	0.3397
Martinique	Local Franc	4.3103
Mauritania	Ouguiya	43.103
Mauritius	M. Rupee	7.6737
Mexico	Mexican Peso	23.05
Miquelon	French Franc	4.3103
Monaco	French Franc	4.3103
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.961
Mozambique	Moz. Escudo	29.2284
Namibia	Rand	0.7498
Nauru Is.	Aust. $	0.8511
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	2.0262
NetherlandAntilles	Antillian Guild	1.80
New Zealand	NZ $	1.0173
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	215.515
Nigeria	Naira (O)	0.5443
Norway	Norw'g Krone	4.9375
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N.G.	Kina	0.6479
Paraguay	Guarani	137.50
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	312.50
Philippines	Ph. Peso	7.565
Pitcairn Islands	NZ $	1.0175
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	50.75
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.3103
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.4377
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.3103
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	885.00
Saudi Arabia	Saudi Riyal	3.3225
Senegal	C.F.A. Franc	215.515
Seychelles	S. Rupee	5.4683
Sierra Leone	Leone	1.1705
Singapore	Singapore $	2.089
Solomon Islands	S.I. $	0.8511
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7498
Spain	Peseta	74.945
Spanish Ports in North Africa	Sp. Peseta	74.945
Sri Lanka	S. L. Rupee	16.25
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7498
Sweden	S. Krona	4.231
Switzerland	Swiss Franc	1.652
Syria	Syria Pound	3.9262
Taiwan	New Taiwan (O)	36.00
Tanzania	Tan Shilling	8.1898
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	215.515
Tonga Islands	Pa'anga	0.8511
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3985
Turkey	Lira	80.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8511
Uganda	Ug. Shilling	7.4128
United Arab Emir.	UAE Dirham	3.6899
United Kingdom	£ Sterling*	2.4377
Upper Volta	C.F.A. Franc	215.515
Uruguay	Urug. Peso	9.55
U.S.S.R.	Rouble	0.644
Vanuatu	Aust. $	0.8511
Vanuatu*	FNH (4)	69.5558
Vatican	Italian Lira	885.00
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8795
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	28.40
Zaire Republic	Zaire Zaire	2.9897
Zambia	Kwacha	0.785
Zimbabwe	Zim $	0.6259

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) New Hebrides independence 30/7/80 now named Vanuatu.

WORLD STOCK MARKETS

NEW YORK

Early Wall St. fall of 8.6

REFLECTING CONCERN over interest rates and inflation, Wall Street was sharply down at mid-session after a large turnover.

The Dow Jones Industrial Average retreated 8.62 to 946.50 at 1 pm, while the NYSE All Common Index fell 65 cents to $75.41 and declines outpaced advances by a two-to-one margin. Trading volume amounted to 34.48m shares compared with the previous day's 1 p.m. figure of 28.29m.

Analysts noted that the Bond market has been hard hit this week by worries about possible further credit tightening by the Federal reserve, although no action is expected before the election.

They added that the sharp rise in grain prices, announced Wednesday, on news of a poor Soviet crop and big sales to China, will further inflate 1981 food costs, already expected to jump 12 per cent. Consumer price figures for September are due today.

Recent polls showing President Carter drawing even with challenger Reagan in the presidential race, also prompted some selling. Wall Street has generally favoured Reagan's candidacy. There is also concern that if the hostages are released by Iran before the election, it might improve Carter's standing.

Transportation issues, which jumped sharply on Wednesday, continued to firm initially yesterday but later turned abruptly lower. Norfolk and Western dipped ¼ to $45⅝, Union Pacific ⅞ to $69⅝ and American Airlines

Sun lost 1⅞ to 54⅞. It reported a seven per cent rise in third-quarter net profits, but said fourth-quarter gains would trail the pace of the earlier quarters.

Inco reported lower third-quarter earnings and eased ⅜ to $22¼, but Goodyear Tire gained ¼ to $16⅞ on a strong rebound in third-quarter profits.

Xerox lost 1¼ to $63½. It forecast further erosion of profit margins in the fourth-quarter.

THE AMERICAN S.E. Market Value Index lost 4.51 at 358.82 at 1 pm. Volume 4.63m shares (3.85m).

Closing prices for North America were not available for this edition.

Canada

Markets remained in easier mood yesterday morning in an active business. The Toronto Composite Index had dipped 13.7 to 2,344.0 by midday, while the Gold shares index receded 136.6 to 5,559.5 and Oil and Gas 66.6 to 4,989.7.

Germany

Bourse prices were weaker across a broad front, undermined by foreign selling, a fresh fall in the Domestic Bond market and further speculation that bank earnings might be down sharply, resulting in dividend cuts. The Commerzbank index, after losing 4.3 on Wednesday, dipped 10.9 to 711.4.

Commerzbank shed DM 3.50 more, Deutsche Bank DM 1.90, Dresdner Bank DM 3.10 and Bayernhypo DM 6. BMW declined DM 4.50 in Motors and Karstadt DM 5 in Stores.

Public Authority Bonds recorded further losses extending to 90 pfennigs. The Bundesbank bought DM 70.8m of stock after Wednesday's purchase of DM 85.3m.

The latest Federal Loan has not been greeted with enthusiasm and is quoted around 1 point below tis 99 issue price.

Most Foreign Loans were also weak.

Tokyo

With overseas support further waning, the Tokyo market continued to drift easier in another light business.

The Nikkei-Dow Jones Average shed 12.97 more to 7,130.89 and the Tokyo SE index 0.61 to 494.51. Declines outscored rises on the First Market section by 350 to 240 after turnover of 220m shares (230m).

Steels, Shipbuilders, Motors, Electric Powers and some other Blue Chips were lower on fresh profit-taking. Nippon Steel lost Y2 to Y150, Toyota Motor Y14 to Y855, Tokyo Electric Power Y15 to Y967, Honda Y9 to Y550, Heiwa Real Estate Y12 to Y579 and Ricoh Y9 to Y591.

However, high-priced Light Electricals attracted buying from U.S. pension fund groups and showed renewed strength. Sony advanced Y30 to Y3,160 and TDK Electronic Y130 to Y3,060, while rises of Y70 apiece were registered by Victor, Y2,020, and Pioneer Electronic, Y2,090.

Australia

An upturn in the London Gold price overnight and some confident dealing in Australian stocks by British investors set the stage for a generally bright start yesterday. However, buying interest later faded and share price rises were trimmed. The Sydney All Ordinaries index closed a modest 2.54 up on the day at 1,011.06.

Shale Oils were the centre of attention, with the shares marked up sharply at the outset ahead of the drill report, released at mid-day, from the Nagoorin shale oil project in Queensland. However, the project partners retreated sharply after the release of what was generally considered an inconclusive report.

Major project participant Greenvale, after trading as high as A$5.50, receded to A$4.60 for a fall of 34 cents on balance. Associate Esperance touched A$6.20 before ending a net 10 cents down at A$5.30.

Elsewhere among the Oil Shales, Central Pacific managed a gain of 50 cents at A$8.70 and Southern Pacific a rise of 20 cents at A$3.30.

In the conventional Oil and Gas sector, Hartogen added 30 cents to A$6.50 and Bridge Oil 20 cents at A$5.10, but Vamgas *lost 30 cents* at A$7.10.

Coal issue Utah put on 12 cents to A$5.70, while among Gold and other Minings, Consolidated Goldfields gained 20 cents at A$[illegible] and CRA 12 cents at A$7.06.

Industrial boards leader BHP eased 5 cents to A$16.55 on reporting a nine per cent decline in steel production for September.

Milan

The market continued to active trading, taking the Banca Commerciale Italiana index up 2.29 more to a year's high of 169.64.

Sentiment was further boosted by the policy statement of incoming Prime Minister Arnaldo Forlani on Wednesday night, while news of a larger trade deficit in September had no marked impact.

Paris

Police again cleared the Paris Bourse yesterday due to another bomb scare, and consequently stock quotations and indices remained unavailable.

Hong Kong

Profit-taking throughout the day caused most stocks to decline, following the fresh onslaught of buying which took the market sharply higher on Wednesday. The Hang Seng index, up 57 points the previous day at a new seven-year peak, receded 17.90 to 1,434.52. Turnover was a heavy HK$ 599.86m, but below Wednesday's HK$ 661.85m.

Some late buying left share prices generally above the day's worst, but among the leaders, Jardine Matheson, very strong of late, were still down HK$ 1.00 at HK$ 30.50, while Hutchison Whampoa lost 30 cents at HK$ 14.70.

Johannesburg

A sharp fall in the Bullion price left Gold shares generally only modestly easier after a thin turnover.

Mining Financials were mostly lower, but Transvaal Consolidated Lands held steady at R65.00 following annual results.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

ITALY

NORWAY

SWEDEN

SWITZERLAND

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

Indices

NEW YORK -DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

Malaysian exchange launched

THE KUALA LUMPUR commodities exchange, the first of its kind in Southeast Asia, was officially launched yesterday by Datuk Hussein Onn, the Malaysian prime minister, who hit an ancient Malay drum to signal the start of trading.

The launching of the KLCE is the culmination of seven years of preparations by the Malaysian authorities, who see the exchange as a logical development from Malaysia's position as the world's leading exporter of rubber, tin, palm oil, pepper and a growing producer of timber and cocoa.

Palm oil is the first commodity to be traded on the KLCE. There is currently a rubber market in Kuala Lumpur and a physical tin market in Penang, and both of these would eventually be merged with the KLCE.

Trading in palm oil is in lots of 25 tonnes, and carried out by the 24 floor members on an open cry system. There are 72 full and six associate members.

Trading will be on Monday to Friday from 11.30 to 12.30 hours, and from 1500 to 1800 hours Malaysian time. The timing is designed so that the later hours would coincide with early trading in Rotterdam.

Contracts are for Malaysian crude palm oil of good merchantable quality, in bulk unbleached, in port tank installations, located at the option of the seller in Penang, Butterworth, Klang, Johore (Pasir *Gudang) and Kuantan.*

The free fatty acid content of palm oil delivered into port tank installations shall not exceed 4 per cent and palm oil *delivered from tank installations* should not exceed 5 per cent and the moistures and impurities content shall not exceed 0.25 per cent.

Business done will be cleared by an independent clearing house, which is 70 per cent owned by banks and 30 per cent by the international commodity clearing house of Sydney.

The authorities have calculated for the exchange to be viable, a daily transaction of 175 lots is necessary.

Datuk Hussein, in his speech, said the setting of the KLCE showed the Government's determination to develop Kuala Lumpur into a major financial and commodity centre.

As a major commodity producer, Malaysia wanted to have a say in the determination of prices of its produce, he added.

Stockpile sales plan hits tin

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES fell to the lowest level for 13 months on the London Metal Exchange yesterday following news of a change in the system for seling surplus U.S. stockpile tin.

Cash tin closed £60 lower at £6,835 a tonne, after falling to £6,810 at one stage, and the three months quotation lost £92.5 to £6,857.5. Overnight the Straits tin price in Penang dropped by M$30 to M$2,085 a picul (133.3 lbs).

The General Services *Administration*, which handles the buying and selling of U.S. stockpile materials, announced that it is changing the method of selling stockpile tin in view of the poor response so far to its fortnightly competitive bid offerings.

Starting November 24, following the last fortnightly offering on November 18, it will revert to the old system of offering stockpile tin on a daily fixed price off-the-shelf basis. So far since the new programme of surplus stockpile tin sales was started on July 1 only five tonnes had been bought. This has undermined plans for the sale of 30,000 tons of stockpile tin over the next three years at the rate of 10,000 tons annually.

It is hoped that the new method of selling will make stockpile tin offerings more competitive, since the price fixed daily will be much closer to current market levels. Effectively this should mean increased sales of stockpile tin at a time when the market is *already weak.*

Last week it was confirmed that the U.S. was contributing 1,500 tonnes to the International Tin Council buffer stock, although no date has yet been set for the tin to become available. Nevertheless the prospect of this tin being up for sale when demand is at a low ebb encouraged the downward trend in prices.

The decline in gold and silver prices brought a generally easier trend in the base metal markets. Copper cash wirebars closed £10.25 down at £841.5 a tonne; *cash lead fell by £8 to £360*; and aluminium by £17 to £667 a tonne.

● Toronto Cominco said it raised its price for zinc metal sold in the U.S. by two cents per pound. The new price for special high grade, prime Western grade and continuous galvanizing grade with controlled lead is U.S.$39.75 per pound.

Record EEC grain harvest confirmed

BY LARRY KLINGER

CONFIRMATION that Western Europe can expect a record grain harvest came yesterday with the *publication of* the EEC's harvest estimates for 1980.

With reports from around the world that the major producing countries are experiencing only moderate or bad harvests—increasing fears that there may soon be acute pressure on global supplies—the news from Europe will be welcomed, not least in the EEC.

There seems little prospect that European consumption will rise markedly but there is the likelihood that the EEC will have a *wheat and barley surplus* of more than 17.5m tonnes. Imports of wheat, barley and maize are expected to reach about 15.5m tonnes.

The cost to the Community this year of export subsidies for cereals is *1.1bn European units* of account (£19.3m). The cost of intervention support is 494m units of account (£8.7m).

EEC production of wheat is estimated at 46.2m tonnes, about 4m up on last year. The barley harvest is expected to total 40.2m tonnes against last year's 39.1m in spite of a smaller area being cultivated.

The maize crop is expected to yield about 16.5m tonnes, only about 800,000 down on last year.

Including durum wheat (4m), oats (7.3m) and rye and *sorghum (3.4m), the total* cereals harvest in the EEC this year is estimated at 117.6m tonnes.

Lead and zinc surplus expected

By Brij Khindaria in Geneva

SUPPLIES OF both zinc and lead are expected to exceed demand in 1981, according to a review drafted here by the International Lead and Zinc Study Group.

Supply and demand for both metals remained in "fairly close balance" between 1974 and 1980, the review said.

"Although there have been sharp *short-term increases and* decreases particularly in 1979, the total surpluses and deficits shown up to 1980 for lead and zinc balance out very closely."

It forecast that supply of zinc will exceed demand by 38,000 tonnes in 1981, after allowing for exports to socialist countries.

This contrasts with an estimated excess of demand over supply of 54,000 tonnes in 1980.

Lead supplies are forecast to exceed demand by 199,000 tonnes in 1981. The excess supply in 1980 is estimated at *100,000 tonnes.*

Zinc mine production in 1981 should rise by 329,000 tonnes or about 7 per cent to 4.94m tonnes. The largest forecast increases are 131,000 tonnes for Canada, 75,000 tonnes for Australia, where new mines will come on stream, and 33,000 tonnes for Spain.

Zinc metal production in 1981 should rise to 4.76m tonnes, 6 per cent or 285,000 tonnes above the estimated level for 1980.

Lead metal production should rise by 250,000 tonnes or 6 per cent to 4.43m tonnes in 1981, which would be 156,000 tonnes more than the record 1979 level, the review predicts.

Scottish milk sales up

By Our Commodities Staff

SCOTTISH FARMERS' sales of milk for liquid consumption rose above the year ago level last month for the first time since early summer 1979.

The Scottish Milk Marketing Board reported it had sold 44.38m litres for liquid consumption in September, 1 per cent more than in September, 1979.

Total September milk production in the board's area amounted to just over 76m litres, 4.8 per cent down from the previous year's level. The drop was *believed to be due partly to poor* quality late season grazing and fodder and partly to reduced herd numbers.

SELLING FARM LAND

The going is very tough

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

TRADITIONALLY spring and early summer is the ideal time for selling farms. Those available begin to be advertised as the cuckoo arrives and inspection and sales take place when the farms look at their best. Also a sale in mid-summer will allow for completion by the end of September, the start of the farming year. The new owner does not have to take over half way through the growing season.

Today the scene is very different. The advertisement columns are as full as in a normal spring, and land agents, while putting a brave front on it, will admit privately that the going is very tough — that matching buyer and seller is harder than it has been for quite a long time.

Fewer farms go to auction and an increasing number are being withdrawn from sale. It is sometimes announced that a sale has taken place afterwards and at the desired figure, but several grains of salt should be taken with that one.

To try to squeeze the last ounce from the market many farms are split into lots small enough to attract neighbour's purchases; there are still a few nest eggs in farming families. This ensures that the number of individual holdings is reduced, a matter of some concern to the younger farmers.

It is true that the recently published results of sales from the Ministry and other sources show that prices are roughly the same as they were last year. But the acreage reported sold over the last few months has fallen by more than 60 per cent. The full figures for land prices are usually six to nine months out of date, and the true figures for this summer will not appear for some time yet.

There has been an increase, I understand, in business for sale and leaseback, brought about by farmers' inability to face continuing high interest rates. Many of these farmers decided to ignore the basic implication of bank borrowing; which is, that it is essentially short term and repayable on demand. They borrowed for all manner of capital projects from land purchase to structural improvement which could not possibly be repaid out of annual profits and are reaping the consequences.

Prospects

But buyers for sale and leaseback are becoming choosy. They can read the signs as well as anyone. They can see that the prospects for real price increases through the EEC mechanism are minimal and that *even those agreed could be* sabotaged by a co-responsibility levy, like the one already operating for milk, which now appears to be favoured as the next CAP policy to contain expenditure.

One agent told me he thought buyers for leaseback were now becoming disenchanted with the prospects for income growth from rents and also with those for long term capital appreciation.

One or two, he thought, were thinking of cashing in the profits made on earlier investments of this sort. Foreigners, except for Arabs, seem to be frightened off by the strong pound.

It is interesting to note that land prices in Holland, Denmark and Ireland have been falling significantly and that even in France—where sales are to some extent controlled by restricting the type of buyer—what market there is is faltering. The situation appears to be Community-wide as are farm price cycles to some extent.

But while it is true that UK sale prices have remained static, their value in real terms has obviously fallen when inflation is taken into consideration, as have farmers' incomes.

The next step will be if values fall in actual money terms as well. That is if farms sell for less money than they did, say, last year or the year before. This has not happened yet. In fact land agents are now talking of an upsurge in the spring, but I believe they do not take sufficiently into account the facts of the situation.

The land boom was caused partly by the urge to escape inflation by investing in something solid irrespective of yield, rather like gold and silver. But should the Government succeed in its monetary endeavours and control inflation to some extent that very cogent argument for investment in land would disappear and other investment *would* become more attractive.

The ICI recorded farms results for 1979 illustrate that future prospects are most uncertain. According to them, management and investment income fell by an average of 10 per cent between 1978 and 1979. The only bright spots were on the arable cropping farms with *a high degree of* intensification. It is probable that the 1980 results will show a further marked decline as costs are believed to have increased by 20 per cent.

Slump

The present situation is in no way a slump in land prices. Even those farmers and landowners in difficulties, believed to be between 5 and 10 per cent of the whole, are being supported by their creditors.

The slump could come if sufficient landowners decided either to take their very considerable profits over historical costs or to switch to other and more profitable investments. This, of course, has happened before.

Land in this part of Hampshire was selling for up to £60 an acre in the 1960s and fell to *about £15 in the interwar years* and only reached the £60 level in the late 1950s.

A member of a farming family well known to me purchased a farm in North Devon for £100 an acre in 1870 borrowing most of the money from relatives. He and his successors paid interest on the loan until about 1970 when they were able *to get clear of debt by selling* at just over £100 an acre. If they had hung on a bit longer they would have made a profit.

Sharp fall in world sugar prices

BY OUR COMMODITIES STAFF

WORLD SUGAR prices fell sharply on the London market yesterday as traders began to have second thoughts about the gravity of the Soviet beet crop situation.

Reports indicating a major setback in the Soviet crop had been among the major factors boosting prices but there is now a growing suspicion that these reports may have been somewhat out of date.

Pravda, the Russian communist party newspaper, said *yesterday* that farmers had harvested 75 per cent of the area planted to sugar beet by October 20. While this is well down on the normal performance, it indicates that there has been little or no deterioration in the situation in recent weeks.

Latest reports speak of mild, dry weather in the Soviet sugar areas contradicting earlier talk of wet cold conditions. Dealers suggested the earlier reports may have referred to conditions in the *late summer/early* autumn period.

With traders feeling the market was in need of a period of consolidation following a substantial rise, yesterday's Pravda report was enough to prompt a significant sell-off which left nearby London futures positions up to £15 lower. The March quotation slipped to £405.05 a tonne at one time before ending the day £14.475 down at £413.125 a tonne.

Soviet sugar imports during the first five months of 1980 rose to 3.24m tonnes from 2.86m in the same 1979 period, statistics issued by the International Sugar Organisation yesterday show.

Main sources of the Soviet imports were Cuba 2.07m tonnes (2.55m last year), the EEC 445,000 (229,500), Philippines 66,800 (nil), Thailand 68,500 (nil).

Soviet sunflower harvest delays

THE SOVIET sunflower harvest is half over, the Communist Party newspaper Pravda reported yesterday, but there have been some delays along the Don River and in the Ukraine.

The report said the cotton harvest was making good progress with 8.6m tonnes gathered by October 20.

Maize crops were described as "not bad" in parts of the Northern caucasus experimenting with U.S. style industrial growing methods introduced from Hungary, and without giving figures, Pravda said the potato harvest was almost over.

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Declined in quiet trading on the London Metal Exchange. After *opening at £874, forward metal fell* sharply to £864 in line with bullion, before rallying towards the end of the day to £873. The price came back on the Kerb to a closing level of £870. Turnover 21,625 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	836.5-7	—6	841.2	—10.2
3 months	857-.5	—5.25	873-.5	—9.5
Settlem't	857	—6	—	
Cathodes				
Cash	805.5-6.5	—3.5	810-2	—9
3 months	837-8	—3	842-4	—8.5
Settlem't	806.5	—3.5	—	......
U.S. Prod		......	*93.5-102	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £834.5, 35, 35.5. Three months £867, 67.5, 68, 67.5, 68, 67.5, 67, 66, 66.5, 67, 67.5. Cathodes: Cash £806. Kerb: Wirebars: three months £867.5, 67, 67.5. Afternoon: Wirebars three months £870, 69.5, 72, 73, 74, 73.5, 73. Cathodes three months £843. Kerb: Wirebars three months £872, 71, 70, 69, 70.

TIN—Lost ground in fairly active trading. After opening at £6,900, in line with Penang, forward metal sank to a low for the day of £6,820. The price encountered resistance at this level, and some trade buying in anticipation of U.S. demand boosted three months material to a close on the late Kerb of £6,860. Turnover 2,070 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6800-10	—140	6830-40	—60
3 months	6820-30	—127	6855-60	—92.5
Settlem't	6810	—140	—	......
Standard				
Cash	6910-10	—140	6830-40	—60
3 months	6820-30	—127	6855-60	—92.5
Settlem't	6810	—140	—	......
Straits. E	$2085	—30	—	......
New York	—	......		

Morning: Standard: Cash £6,760, 70, 6,810, 6,800. Three months £6,840, 30, 20, 30, 40, 30. Kerb: Standard three months £6,820, 30. Afternoon: Standard: Cash £6,830. Three months £6,840, 50, 60, 50, 55. Kerb: Standard three months £6,860; 65.

LEAD—Weaker in good two-way business. Forward metal opened at £377, traded between £372 and £378 throughout the day, and closed just above the worst at £373.5. Turnover 20,275 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	361.5-2	......	359.5-60.5	—8
3 months	376-7	—.5	375-5	—7.75
S'ment	362	......		......
U.S. Spot	[illegible]			

[illegible]

ZINC [illegible]

ALUMINIUM [illegible]

NICKEL [illegible]

* Cents per pound. ‡ SM per picul. † On previous unofficial close.

SILVER

[illegible]

COTTON

[illegible]

COCOA

Cocoa futures traded in a narrow £4 range. Physical business was neglected both from origins and industry, reports Gill and Duffus.

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

MEAT/VEGETABLES

[illegible]

POTATOES

[illegible]

WOOL FUTURES

[illegible]

AMERICAN MARKETS

NEW YORK, October 22.

PRECIOUS METALS sold off late in the day on a declaration from Iran that the hostages might be released shortly if the U.S. accepts conditions laid down by the Parliament. Copper sold off in sympathy. Reports of even more serious Soviet crop failures rallied the grains, soyabeans and soya products to new contract highs. Sugar sold off after a lack of follow-through to the Soviet crop news. Coffe was lower on dealer and producer selling. Cocoa was featureless. Cotton rallied on reports of quality problems with the Mississippi Delta crop. The livestock complex was higher, reported Heinold.

Cocoa—Dec. 2169 (2175). March 2240 (2249). May 2291, July 2330, Sept. 2380, Dec. 2435, March —. Sales: 1,171.

Coffee—"C" Contract Dec. 125.10-125.25 (126.90), March 128.00 (128.51), May 128.80-129.20, July 130.10-130.45, Sept. 130.70-131.25, Dec. 130.70-131.75, March 131.00-132.00. Sales: 1,476.

Copper—Oct. 94.45 (94.60), Nov. 94.70 (94.90), Dec. 95.45-95.80, Jan. 96.55, March 97.90-98.05, May 100.00, July 101.35, Sept. 103.00, Dec. 105.15, Jan. 105.95, March 107.55, May 109.15, July 110.75. Sales: 6,800.

Cotton—No. 2: Dec. 92.30-92.50 (91.42), March 92.80-93.05 (92.80), May 93.10, July 92.85, Oct. 86.70-87.00, Dec. 83.55, March 84.25-84.55, May —. Sales: 8,550.

*Gold—Oct. 652.0 (658.0), Nov. 654.0 (662.0), Dec. 659.0-661.0, Feb. 674.0-677.0, April 690.0-691.0, June 709.0-*709.5, August 728.9, Oct. 744.5, Dec.* 762.3, Feb. 780.2, April 798.2, June 816.4, August 837.0. Sales: 45,000.

Orange Juice—Nov. 90.50-90.60 (90.05), Jan. 92.55 (92.05), March 93.50-93.60, May 94.35-94.40, July 95.00, Sept. 95.75-96.00, Nov. 96.50-97.00, *Jan. 97.35-97.70, March 97.85-98.50.* Sales: 550.

*Platinum—Oct. 663.0 (670.0), Nov. — (—), Dec. —, Jan. 679.0-680.0, April 702.8, May —, July 728.0-730.0, Oct. 755.9. Sales: 1,744.

Potatoes (round whites)—Nov. 97.0 *(96.8), March 135.8 (135.0). April* 156.7-157.6. Sales: 2,831.

¶Silver—Oct. 1953.0-1955.0 (1981.0), Nov. 1956.0 (1984.0), Dec. 1976.0-1986.0, Jan. 2006.0, March 2050.0-2065.0, May 2107.0, July 2158.0, Sept. 2208.0, Dec. 2285.0, Jan. 2310.5, March 2361.5, *May 2412.5, July 2463.5. Sales:* 4,500. Handy and Harman bullion spot 2006.0 (1932.0).

Tin—779.0-783.0. (778.0-785.0).

CHICAGO, October 22.

Chicago 1mm Gold—Oct. 648.0 (656.0), Nov. — (—), Dec. 660.0-658.0, Jan. 667.0, March 684.0-682.0, April 691.3, June 707.5-710.0, July 717.0, Sept. 735.2.

Lard—Chicago loose 23.00 (23.50). New York prime steam unavailable.

Live Cattle—Dec. 71.77-71.87 (71.07), Jan. 72.90 (72.55), Feb. 74.02-74.00, April 75.80-75.75, June 76.60-76.55, Aug. 75.70, Oct. 74.50, Dec. 75.50.

Live Hogs—Dec. 53.35-53.45 (52.25), Feb. 57.00-56.85 (55.82), April 56.10-55.95, June 58.80-58.90, July 59.25-59.42, Aug. 58.45, Oct. 56.35, Dec. 57.50.

‡‡Maize—Dec. 368¾-368½ (361½), March 380½-380 (373¾), May 385¾-385½, July 385-385½, Sept. 373, Dec. 359½.

Pork Bellies—Feb. 73.32 (71.32), March 73.27 (71.27), May 74.97, July 75.15, Aug. 75.12-75.00.

Silver—Oct. 1949.0 (1985.0), Nov. *1951.0 (1990.0), Dec. 1976.0, Feb.* 2027.0, April 2078.0, June 2129.0, Aug. 2180.0, Oct. —, Dec. 2282.0, Feb. 2333.0, April 2384.0, June 2435.0, Aug. 2485.0, Oct. —, Nov. —, April —.

†Soyabeans—Nov. 898-895 (872), Jan. 924-921 (898), March 948-952, May *971-969, July 978-977, Aug. 980-982,* Sept. 886-884, Nov. 838-838½.

‖Soyabean Meal—Oct. 266.7 (258.4), Dec. 274.3-273.5 (265.0), Jan. 278.5-278.0, March 284.9-284.0, May 286.0-285.0, July 288.5-286.0, August 283.0-282.0, Sept. 269.0, Oct. 250.5-251.0, Dec. 249.0.

Soyabean Oil—Oct. 26.60 (25.60), Dec. 26.90-26.95 (26.08), Jan. 27.30-27.20, March 27.85-28.05, May 28.50-28.45, July 29.00-28.95, August 28.65, Sept. 28.10, Oct. 27.20, Dec. 26.90-27.10.

†Wheat—Dec. 541-540 (529¼), March 561½-562½ (550¼), May 565-566, July 545-545½, Sept. 553, Dec. 568.

WINNIPEG, October 22: §Barley—Oct. 141.80 (139.30), Dec. 142.70 (140.30), March 146.00, May 147.40, July 148.80.

*§Wheat—SCRWS 13.5 per cent pro*tein content cif St. Lawrence 286.36 (281.86).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents *per 60-lb bushel.* ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, October 23

Wheat—*U.S.* No. Two Dark Hard Winter 13.5 per cent, Nov. $229, Dec. $230.50, Jan. $239. U.S. No. Two Red Winter, Oct. $229, Nov. $228, Dec. $232. U.S. No. Two Northern Spring 14 per cent, Oct. $221, Nov. $226, Dec. $231, Jan. $245.

[illegible]

$345 sellers, Nov. $354/$355.50, Dec. $364, Jan. $380 traded.

Soyameal—44 per cent protein, U.S. aff. $317.50-$321, Oct. $318, Nov. $319-$327, Dec. $325-$329, Nov./March $334 traded. Brazil Pellets Oct. $326-$328, Nov. $330-$333 traded, Oct. $330, Nov. $334, Nov./March $345 sellers.

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

REUTERS

[illegible]

ICI's third-quarter loss fails to daunt equities which close at day's highest—Gilt edged subdued

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct. 13	Oct. 23	Oct. 24	Nov. 3
Oct. 27	Nov. 6	Nov. 7	Nov. 17
Nov. 10	Nov. 20	Nov. 21	Dec. 1

* "New time" dealings may take place from 9 am two business days earlier.

Imperial Chemical Industries' slump into a third-quarter loss failed to shake convictions yesterday that London equity markets were poised to improve further. ICI's results were announced shortly after noon and some weeks in advance of expectations. A dismal outcome to the quarter's trading had been anticipated, but the group's troubled view on prospects, on top of the proposed redundancies in its fibre businesses, came as a nasty surprise.

Institutional enthusiasm for a whole variety of industrial shares was not cooled, however, though with stock often in short supply some rises were out of proportion to the level of trade. *ICI eased momentarily after the* announcement but, supported by the assumption that the dividend would be maintained, moved higher to close 8 up on balance at 330p, after 318p, on genuine investment interest rather than bear closing.

Some investors took the view that ICI's experience may strengthen industry's case for lower interest and sterling exchange rates, so the absence of a cut yesterday in Minimum Lending Rate caused little disappointment. Several other *constituents of the FT 30-share* index made useful gains, particularly GEC and Plessey, the latter responding to speculation of a large overseas contract being in the offing. At the close, the index was 3.8 up at the day's best of 492.5, while the FT-Actuaries All-share index attained yet another record high of 304.53.

Government securities were a relative backwater and moved into an extremely quiet phase of consolidation. Overseas investors showed no fresh desire to commit funds and, with the domestic institutions also cautious, both short and longer-dated Gilts moved narrowly either way. The partly-paid *medium tap stock, Exchequer* 11¾ per cent 1986, activated by the authorities on Wednesday at 30⅛, was unchanged.

Traded options quietened *after the previous day's* increased activity due to the expiry of the October series. The number of deals completed amounted to 1,681. BP and Marks and Spencer attracted 361 and 306 trades respectively.

Home Banks easier

After the previous day's jump of 14, Sun Life hardened a penny further to *243p, after 244p;* Liberty Life Association of South Africa has acquired a 10.2 per cent stake in the company for £15m. A squeeze on bear positions left **Pearl** 14 dearer at 464p, while **Equity and Law Life** improved 4 to a high for the year of 338p. Among Composites, **Eagle Star** firmed 5 to 272p, but **Commercial Union** *closed 2 off at 183p.*

The major clearing banks turned dull, **Midland** giving up 11 to 342p with **Lloyds** and **NatWest** shedding 5 apiece to 338p and 410p respectively. Elsewhere, **Wintrust** firmed 3 to 88p while, in Hire Purchases, **Lloyds and Scottish** added 4 for a two-day gain of 7 to 178p despite unchanged Minimum Lending Rate.

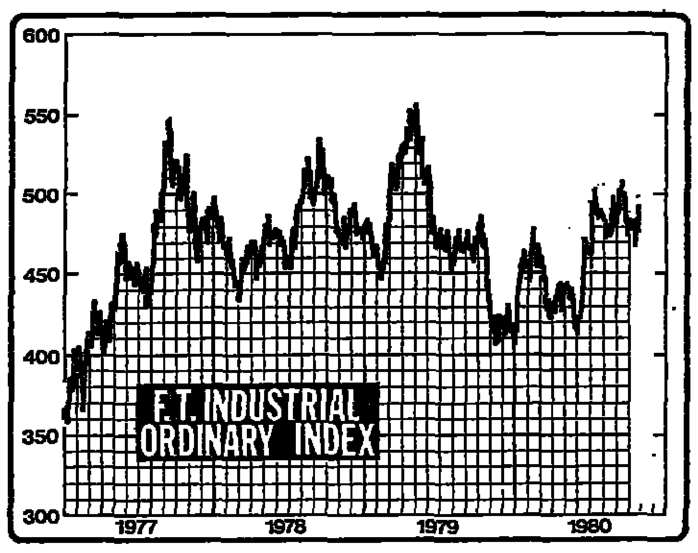
Movements of note in Breweries were mainly confined to regional counters. Buyers came in for Manchester-based **Joseph Holt**, 13 up at 275p, while **Vaux** firmed 3 to 134p and **Belhaven** added a couple of pence to 33p.

Although the undertone in leading Buildings was firm, gains rarely exceeded a couple of pence. **Blue Circle**, at 334p, recovered half the previous day's fall of 4 which followed the planned closure of two cement *works with the loss of 1,500 jobs.* **Tarmac** also closed 2 dearer at 269p, after 272p, but **BPB** eased 4 to 241p. Elsewhere, **F. J. C. Lilley** firmed 3 to a 1980 peak of 92p on the increased interim profits, dividend and proposed £3.26m rights issue, while **Bryant Holdings**, still responding to the good preliminary results and proposed 100 per cent scrip issue, added 2 more to 91p. **Stanley Miller**, however, shed 1½ to 10½p on the sharply lower half-yearly profits, while small selling clipped 2 from **G. M. Callender**, 25p, and 3 from **Cakebread Robey "A,"** 33p. **Tunnel "B"** became a volatile market and slipped to 240p before closing a couple of pence firmer on *balance at 246p.*

ICI dropped to 318p on the surprise announcement of the first-ever third-quarter loss, but rallied well to close at 330p for *a net gain of 8 on recovery hopes* and the Board's present intention to maintain the annual dividend. **Fisons** improved 5 to 200p and **Brent Chemical** 2 to 153p, *but* **Allied Colloids** *lost* 3 to 104p and **International Paint** shed 2 to a 1980 low of 61p.

GUS firm

Consideration of recent company trading statements better than the market had feared prompted increased support for Stores. **Boots**, interim due November 13, rose 7 to 242p, while **Mothercare** continued to benefit from Tuesday's half-timer and closed 8 to the good at 250p. **GUS "A"** were particularly firm, rising 16 to 466p, while **Raybeck** *added 3 to 70p.* By way of contrast, **British Home**, 161p, lost 3 of the previous day's gain of 12 which followed the mid-term statement. Renewed interest was noted for **Currys**, 6 better at 259p, and for **Harris Queensway**, 10 up at 170p. **MFI**, 68p, and **Courts "A,"** 73p, added 3 apiece, while speculative attention lifted **Polly Peck** *5 to 135p and* **Fine Art Developments** 2 to 77p. Among mail-orders, **Empire** added 6 more to 136p, while **Freemans** closed 2 dearer at 116p. **Ben Williams** firmed 3 to 29p in a narrow market. **B. Paradise** shed a couple of pence to 58p; both the price and change mentioned in this report yesterday were in error.



Bid hopes continued to buoy **K Shoes**, 2 better at 65p, after 68p, but **Strong and Fisher**, still unsettled by the annual loss, shed 4 to 52p.

Trending easier initially, *leading Electricals revived and* finished the day on an extremely firm note. **GEC** were particularly good again and closed 12 higher at 567p, while talk of a large *overseas contract prompted* further demand for **Plessey** which advanced 9 more to 274p. **Thorn EMI** edged up 4 to 356p. Further selective support was evident in secondary issues where **Electrocomponents** gained another 16 to 746p. **Unitech** were similarly dearer at 346p, while **STC** rose 11 to 468p. **Webber** gained 9 to 125p and **Muirhead** rallied 6 more to 110p. Among smaller-priced issues, **First Castle** were outstanding with a rise of 6 to 67p. Comment on the half-yearly figures, however, *prompted dullness in* **Telephone Rentals** which lost 12 to 273p.

Among the Engineering leaders, comment on the half-yearly results stimulated fresh interest in **Hawker** which touched 242p before settling 6 up on balance at 240p. Trading in **GKN**, down a penny at 174p, after 172p, was more lively than of late, but conditions elsewhere in the sector were fairly quiet. **McKechnie** responded to the preliminary figures with a rise of 3 to 110p, while satisfactory annual results and the encouraging statement on the outlook left **Spencer Gears** 2 firmer at 16p. **Chemring** found support at 185p, up 7, while sporadic demand prompted a gain of 4 to 160p in **Haden Carrier**. By way of contrast, the sharp fall in interim profits left **Greenbank** 1½ down at 15½p.

Foods were featured by **J. Sainsbury** which rose 20 to 545p on buying in a market none-too-*well supplied with stock;* the interim results are expected early next month. **Bejam** came in for support and added 3 to a high for the year of 101p, but **William Low** remained at 143p despite the increased preliminary profits. Elsewhere, **Albert Fisher** attracted fresh interest and put on 3 to 17½p.

Ladbroke rose 4 to a 1980 peak of 238p helped by investment comment.

Kelsey up again

The miscellaneous industrial leaders presented a mixed appearance. **Bowater** continued to edge higher at 183p, up 5, while **Glaxo** hardened 4 to 242p. On the other hand, **Turner and Newall** eased 2 to 93p and **Unilever** gave up 10 to 473p. Elsewhere, **Kelsey Industries** encountered further speculative demand and *put on 13 to* a year's high of 165p. **Hunting Associated**, up 7 at 360p, reflected satisfaction with the interim results, but **Wilkins and Mitchell** eased 2 to 24p on the passing of the interim dividend and half-year loss. News of the offer from Transport Development left **Giltspur** 5 dearer at 110p. Fresh demand lifted **Ricardo** 14 to 466p and *United Carriers 4 more to 244p,* while **Christies International**, 232p, and **Sotheby's**, 525p, gained 8 apiece. Buyers continued to show interest in **Dalgety** which improved 7 further to 294p.

Coral Leisure, dealings in which were briefly suspended at 82p soon after the market opening, closed 9 up at 91p, after 96p, following the 6-for-13 share exchange offer from **Bass**, 7 off at 210p, after 209p; **Grand Metropolitan** rose 4 to 160p on the decision not to pursue its bid for Coral. Elsewhere in the Leisure *sector,* **Saga Holidays** *jumped* 17 to 205p in a thin market in response to the good preliminary results and the Board's optimistic statement, while **Management Agency and Music** put on 6 to a 1980 peak of 178p as bid hopes revived.

The interim loss and passed dividend from **BSG International** proved to be no worse than expected, and helped by the chairman's cautiously optimistic comments, the shares closed 1¼ better at 14¾p, after 15¼p. Other Motor Distributors remained subdued, *although* **British Car Auction** added a couple of pence to 75p ahead of next Tuesday's annual figures. Components were quietly firm; **Dowty** rose 3 more to 246p, while **Lucas**, dull recently in front of next month's preliminary results, rallied a few pence to 178p.

International Thomson continued to respond to the company's decision to sell its newspaper titles and rose for a two-day gain of 16 to 376p.

The unchanged Minimum Lending Rate decision made little impression on properties which continued to trade quietly around overnight levels. Among the occasional firm spots, **North British Properties** put on 8 to 154p on new-time buying, while **Percy Bilton** added 6 to 216p.

Oils improve further

Leading Oils maintained their firm trend, although the pace of the advance slackened considerably as trade became more two-way. *British Petroleum finished* 4 to the good at 466p, after 468p, while **Shell** ended similarly better at 464p. Among the more speculative issues, **Cambridge** were outstanding with a rise of 30 at 310p. **Carless** rose 7 to 200p and **Clyde** 20 to 805p. **Aran**, however, came on offer and gave up 10 to 295p, while **Premier** were briskly traded but closed *without alteration at 110p.*

Overseas Traders **Gill and Duffus**, a rising market recently ahead of the announcement, fell 8 to close at 188p in response to the disappointing first-half results.

Trusts trended firmer again, **Northern Securities** improving 6 to 212p and **Derby Trust Capital** 4 to 294p. Among Financials, **Mercantile House** encountered further scattered profit-taking and reacted 4 more to 380p.

Golds retreat

Mining shares were generally quiet yesterday, although Golds showed some heavy losses in the wake of the $23 fall in the bullion price to $636.50. This left the Gold Mines index 13.1 lower at 471.2.

South African Golds followed the bullion price downwards during the day, but there was no great pressure and most shares closed above the worst. **Hartebeestfontein** were particularly badly affected, losing 1⅞ to £40⅞, while losses of over £1 were common to **Randfontein Estates**, £40¼, **Buffels**, £25¼, **West Driefontein**, £41⅝, and **Western Holdings**, £44½.

South African Financials were weaker in sympathy, with **Anglovaal** £1 cheaper at £19, **"Johnnies"** down ½ to £36, and **Anglo American** dipping 20 to 830p.

London *Financials also* lost ground, but closed reasonably steady at the lower levels. **Consolidated Gold Fields** ended at 625p, down 10, after 612p, and **RTZ** closed 7 cheaper at 468p after 465p. **Charter Consolidated** eased 3 to 275p.

In a thin market in Tins, **Killinghall** leapt 35 to a 1980 peak of 565p, while **Petaling**, 25 better at 410p, **Pengkalen**, up 5 to 120p and **Kamunting**, 8 higher at 118p, were all also at peaks for the year. On the other hand, **Tronoh**, reacted 10 to 470p after *recent gains.*

Australians were again active, with most of the leaders closing 10 cheaper, as in **CRA**, 340p, **Pancontinental Mining**, 405p, and **MIM Holdings**, 263p. **Peko-Wallsend** held up well to finish unchanged at 600p. In oil shares, **Central Pacific** gained 25 to a high for the year of 430p, while the other Rundle twin, **Southern Pacific**, rose 9 to 164p, also a new high.

FINANCIAL TIMES STOCK INDICES

	Oct. 23	Oct. 22	Oct. 21	Oct. 20	Oct. 17	Oct. 16	A year ago
Government Secs.	71.25	71.27	70.83	70.52	70.74	70.79	69.10
Fixed Interest	72.49	72.54	72.34	72.26	72.31	72.31	69.34
Industrial Ord.	492.5	488.7	484.0	477.5	481.1	480.6	447.1
Gold Mines	471.2	484.3	472.0	484.4	500.5	508.3	300.7
Ord. Div. Yield	7.41	7.50	7.60	7.71	7.65	7.67	7.49
Earnings, Yld. % (full)	16.75	16.94	17.17	17.43	17.29	17.33	18.06
P/E Ratio (net) (*)	7.28	7.20	7.10	7.00	7.05	7.04	6.82
Total Bargains	22,234	21,616	20,855	20,729	20,051	20,311	19,184
Equity turnover £m.	—	199.35	136.71	98.20	105.65	120.27	129.90
Equity bargains total	—	17,809	17,615	16,514	13,913	15,132	14,415

10 am 490.4. 11 am 491.0. Noon 492.1. 1 pm 490.7. 2 pm 490.6. 3 pm 491.5.
Latest Index 01-246 8026.
*Nil = 6.78.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7)	63.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (18/8)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	508.9 (12/8)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9)	265.6 (18/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 23	Oct. 22
—Daily		
Gilt Edged	127.5	106.2
Industrials	135.2	127.1
Speculative	47.8	51.7
Totals	80.3	78.1
5-day Avrge.		
Gilt Edged	112.7	105.9
Industrials	135.0	136.2
Speculative	52.1	53.1
Totals	73.0	71.3

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (121)

BRITISH FUNDS (4)
LOANS (1)
AMERICANS (3)
BANKS (7)
BUILDINGS (4)
CHEMICALS (1)
DRAPERY AND STORES (4)
ELECTRICALS (7)
ENGINEERING (3)
FOODS (3)
HOTELS (1)
INDUSTRIALS (23)
INSURANCE (4)
LEISURE (3)
MOTORS (1)
PAPER (1)
SOUTH AFRICANS (1)
TEXTILES (1)
TRUSTS (20)
OIL AND GAS (11)
MINES (11)

NEW LOWS (16)

CHEMICALS (2)
Hoechst Laporte Inds.
Int. Paint
ELECTRICALS (1)
Philips' Lamps
ENGINEERING (3)
Edbro Neill (James)
Greenbank
FOODS (1)
Tesco
INDUSTRIALS (3)
Eastern Produce Wade Potteries
Staffs. Potteries
LEISURE (1)
Barr & W. A. T.
MOTORS (1)
Dorada
NEWSPAPERS (2)
Black (A. & C.) Liverpool Daily Post
TEXTILES (1)
Montfort

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	12	1	51
Corpns., Dom. and Foreign Bonds			
Industrials	258	189	956
Financial and Prop.	95	96	303
Oils	27	6	75
Plantations	3	0	17
Mines	33	69	39
Others	63	15	79
Totals	484	416	1,565

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Oct. 23, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Oct. 22 Index No.	Tues., Oct. 21 Index No.	Mon., Oct. 20 Index No.	Fri., Oct. 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	293.59	+0.8	15.03	5.63	8.08	291.30	286.78	284.57	286.55	223.45
2	Building Materials (28)	252.24	−0.3	18.86	6.79	6.30	252.97	250.74	250.69	251.20	219.48
3	Contracting, Construction (27)	427.24	+0.1	21.36	5.84	5.53	426.95	423.37	423.61	422.64	353.87
4	Electricals (17)	945.18	+1.8	10.30	2.82	11.93	928.60	905.98	888.64	897.84	561.27
5	Engineering Contractors (11)	357.29	+0.3	17.33	7.23	7.36	356.38	354.64	356.81	356.35	308.03
6	Mechanical Engineering (72)	180.93	+0.6	16.00	7.38	7.62	179.78	176.97	176.36	177.76	151.42
8	Metals and Metal Forming (16)	153.75	−0.2	18.99	10.55	6.55	154.01	153.87	154.26	156.08	153.37
11	CONSUMER GOODS (DURABLE) (48)	247.13	+0.8	12.96	5.10	9.24	245.22	242.86	238.09	239.43	215.18
12	Lt. Electronics, Radio, TV (14)	387.06	+0.9	9.82	3.58	12.38	383.68	379.28	369.74	371.85	305.15
13	Household Goods (13)	88.35	−0.7	25.60	11.13	4.94	88.99	88.85	88.36	88.39	134.56
14	Motors and Distributors (21)	95.81	+0.7	22.54	9.77	5.11	95.16	94.77	94.62	95.24	102.46
21	CONSUMER GOODS (NON DURABLES) (171)	243.47	+0.8	16.82	6.64	7.18	241.52	238.22	236.25	237.28	221.90
22	Breweries (14)	277.79	−1.0	16.31	6.63	7.16	280.63	276.21	274.14	275.61	273.05
23	Wines and Spirits (5)	296.40	+0.4	20.65	6.90	5.73	295.21	290.73	288.75	290.81	311.93
24	Entertainment, Catering (17)	353.43	+2.1	16.46	6.33	7.49	346.15	344.01	340.53	344.88	318.93
25	Food Manufacturing (22)	217.84	−0.7	18.26	7.01	6.47	219.43	217.38	216.92	217.56	201.25
26	Food Retailing (13)	400.32	+1.5	11.88	3.86	9.97	394.29	388.86	388.49	390.75	290.30
32	Newspapers, Publishing (12)	442.63	−0.4	21.55	6.57	6.21	444.53	439.18	436.92	437.44	408.37
33	Packaging and Paper (15)	123.83	+1.0	28.24	10.45	4.13	122.55	121.90	121.44	119.13	122.66
34	Stores (44)	250.18	+2.2	12.10	5.04	10.78	244.98	239.71	236.80	238.49	214.19
35	Textiles (21)	128.94	—	24.30	11.89	5.02	128.88	127.73	124.72	125.25	144.92
36	Tobaccos (3)	221.80	—	25.88	10.50	4.40	221.80	220.71	218.73	218.71	220.34
37	Toys and Games (5)	25.00	−2.1	8.99	11.45	25.70	25.54	26.12	26.12	25.88	58.69
41	OTHER GROUPS (98)	221.53	+0.8	15.76	7.06	7.60	219.70	218.10	216.78	217.94	194.19
42	Chemicals (16)	300.13	+1.4	17.65	8.08	6.62	295.91	292.91	291.52	294.55	273.72
43	Pharmaceutical Products (7)	228.15	+0.5	11.00	6.14	11.25	227.11	226.41	223.86	222.95	214.97
44	Office Equipment (6)	107.17	+1.9	19.18	7.76	6.10	105.21	103.26	103.92	105.25	109.95
45	Shipping (10)	575.96	+1.2	12.76	6.28	9.57	569.19	566.73	555.11	556.10	450.92
46	Miscellaneous (59)	282.50	+0.2	16.42	6.60	7.43	281.92	280.38	279.86	280.69	228.62
49	INDUSTRIAL GROUP (488)	258.71	+0.8	15.81	6.33	7.64	256.64	253.43	251.29	252.65	221.98
51	Oils (12)	980.86	+0.9	24.50	5.36	4.55	972.38	952.41	936.83	928.60	743.93
59	500 SHARE INDEX	315.76	+0.8	17.92	6.10	6.56	313.19	308.67	305.47	306.08	263.25
61	FINANCIAL GROUP (118)	253.81	−0.3	—	5.17	—	254.61	252.18	251.66	251.75	181.96
62	Banks (6)	258.09	−1.4	39.59	6.52	3.02	261.73	259.59	259.43	260.68	213.22
63	Discount Houses (10)	302.03	+0.4	—	5.69	—	300.85	300.60	300.60	300.32	236.10
64	Hire Purchase (5)	235.46	+1.4	10.54	4.29	12.81	232.10	227.44	228.22	229.77	171.95
65	Insurance (Life) (10)	268.83	+0.3	—	4.91	—	267.91	263.27	259.25	257.36	148.07
66	Insurance (Composite) (9)	172.65	−0.2	—	6.58	—	172.97	170.12	168.31	167.58	117.94
67	Insurance Brokers (9)	340.60	−0.3	13.52	6.79	10.13	341.74	338.57	343.74	343.88	262.11
68	Merchant Banks (13)	158.35	+0.3	—	4.80	—	157.82	155.39	155.54	155.29	95.30
69	Property (45)	463.40	−0.1	3.10	2.63	44.99	463.82	463.41	465.28	467.26	339.47
70	Miscellaneous (11)	160.75	−0.1	16.13	5.91	7.84	160.91	160.23	161.11	161.23	119.03
71	Investment Trusts (109)	289.04	−0.1	—	5.07	—	289.31	287.92	286.66	285.49	199.19
81	Mining Finance (3)	267.59	−1.5	13.28	4.90	8.97	271.57	267.34	268.10	269.21	132.39
91	Overseas Traders (20)	458.65	−0.9	10.98	6.45	10.97	462.79	458.22	459.41	458.03	329.51
99	ALL-SHARE INDEX (750)	304.53	+0.4	—	5.84	—	303.17	299.28	296.96	297.33	240.35

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Oct. 23	Day's change %	Wed., Oct. 22	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.76	+0.04	106.72	—	8.78
2	5-15 years	113.49	+0.01	113.48	—	10.68
3	Over 15 years	119.18	−0.00	119.11	—	11.97
4	Irredeemables	135.37	+0.27	135.00	—	9.82
5	All stocks	112.98	+0.02	112.88	—	10.34

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thurs., Oct. 23	Wed., Oct. 22	Year ago (approx.)
1	Low Coupons	5 years	11.51	11.50	11.84
2		15 years	11.50	11.49	11.46
3		25 years	11.50	11.49	11.90
4	Medium Coupons	5 years	12.99	12.99	13.15
5		15 years	13.08	13.08	13.10
6		25 years	12.84	12.83	13.10
7	High Coupons	5 years	13.09	13.10	13.62
8		15 years	13.33	13.33	13.59
9		25 years	13.03	13.03	13.40
10	Irredeemables		11.03	11.06	11.78

		Thurs., Oct. 23 Index No.	Thurs., Oct. 23 Yield %	Wed. Oct. 22	Tues. Oct. 21	Mon. Oct. 20	Friday Oct. 17	Thurs. Oct. 16	Wed. Oct. 15	Tues. Oct. 14	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.44	†13.62	54.48	54.44	54.40	54.54	54.02	54.00	53.97	55.62
16	Investment Trust Prefs. (15)	51.02	13.86	51.02	51.06	51.05	51.05	51.31	51.31	51.09	45.98
17	Coml. and Indl. Prefs. (20)	68.01	13.18	68.13	68.09	68.09	68.04	68.06	67.66	67.32	64.31

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Premier Cons.	5p	14	110	—	110	36
LASMO	25p	13	840	+5	840	337
Clyde Petroleum	£1	11	805	+20	805	230
GEC	25p	10	567	+12	567	326
BP	25p	9	466	+4	468	320
Ultramar	25p	9	465	+2	465	206
ICI	£1	8	330	+8	402	318
Rank Org.	25p	8	178	+8	228	146
Tricentrol	25p	8	404	+4	414	250
Coral Leisure	10p	7	91	+9	96	54
Plessey	50p	7	274	+9	274	108
Racal Elect.	25p	7	342	−1	343	175
Tate and Lyle	£1	7	158	−2	178	118
GUS "A"	25p	6	466	+16	470	340
GKN	£1	6	174	−1	279	170

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 20	Oct. 31	Jan. 22	Feb. 2
Nov. 3	Nov. 14	Feb. 5	Feb. 16
Nov. 17	Nov. 28	Feb. 26	Mar. 9

For rate indications see end of Share Information Service

Options were more active than of late and calls were dealt in William Press, FNFC, Tate and Lyle, Hill Samuel, Town and City Properties, London Investment Trust, Intervision, BP, Myson, Montague L. Meyer, Suter, KCA, Double Eagle, KCA, Lonrho, Premier Oil, Charterhall, Burmah, Sun Oil, Raglan Property, Charterhouse *Petroleum, Smith Bros., and* Barker and Dobson. A put was done in Marks and Spencer, while doubles were arranged in Cons. Gold Fields, British Land and BP.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
‡15	F.P.	—	32	26	‡‡Baker (John) Pfd 18p	28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]											

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ∥ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ∥∥ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡ Dealings under special rule. ‡‡ London Listing. † Resulting from debt settlement scheme. Δ Linked units of 4 ord. and 1 option.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3.
[illegible]

Guinness Mahon Fd. Mgrs. (Guernsey)
[illegible]

Hambro Pacific Fund Mgmt. Ltd.
[illegible]

Hambros Fd. Mgrs. (C.I.) Ltd.
[illegible]

Henderson Admin. (Guernsey) Ltd.
[illegible]

Henderson Baring Group
[illegible]

Hill-Samuel & Co. (Guernsey) Ltd.
[illegible]

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth [illegible]
Lloyds Int. Income [illegible]

M & G Group
[illegible]

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey.
Sterling Money Fd. [illegible]

J. Henry Schroder Wagg & Co. Ltd.
[illegible]

NOTES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Specialised Funds

Trustee	171.3	180.7	+1.3	6.90
(Accum. Units)	377.0	397.1	+2.7	6.90
Charibond Oct. 21		105.6	.....	12.84
Charifund Oct. 21	169.0	171.6	.....	8.56
Pension Ex. Oct. 20	183.0	191.0	.....	6.05

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Growth Units	76.1	80.1	.....	5.37

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099

Income Oct. 20	106.4	112.0	.....	9.47
General Oct. 20	70.6	74.3	.....	6.12
Intnl. Oct. 20	52.7	55.5	.....	2.85

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Mrc. Gen. Oct. 22	64.6	68.7	.....	4.24
Acc. Units Oct. 22	92.1	97.9	.....	4.24
Mrc. Int. Oct. 22	94.7	100.7	.....	2.74
Acc. Units Oct. 22	108.4	115.3	.....	2.74
Merc. Ext. Oct. 22	77.0	80.2	.....	5.98
Accum. Units Oct. 22	101.3	105.5	.....	5.98

Midland Bank Group
Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	124.1	136.6	+0.7	3.33
Acc. Uts.	154.3	168.5	+0.9	3.33
Overseas Growth	43.6	47.1	.....	2.36
Do. Accum.	49.1	53.1	.....	2.36
Capital	33.8	36.5	+0.3	3.99
Do. Accum.	39.7	42.9	+0.4	3.99
Income	60.8	65.7	+0.2	6.98
Do. Accum.	79.3	85.7	+0.4	6.98
North American	42.5	46.0	+0.1	2.47
Do. Accum.	47.1	50.9	+0.1	2.47
High Yield	60.0	64.8xd	+0.1	9.71
Do. Accum.	75.3	81.4	+0.1	9.71
Japan & Pacific	43.1	46.7	−0.2	0.96
Do. Accum.	44.0	47.7	−0.2	0.96
Gilt & Fixed Int. Tst.	—	50	.....	12.50
Do. Accum.	—	50	.....	12.50
Equity Exempt*	137.3	144.9xd	+4.1	4.05
Do. Accum.*	147.8	155.9	+4.4	4.05

*Prices at Oct. 24. Next dealing Oct. 31.

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

Minster Oct. 13	39.6	41.6	.....	9.09
Exempt Oct. 1	100.1	104.1	.....	9.45

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177

MLA Units	76.4	80.24	.....	3.89

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price	+ or -	Int.	Red.
91	83¾	Aust. 5½pc '81-82	90½	+½	6.10	13.17
85¾	72½	Do. 6pc 1981-83	85	.....	7.26	12.93
67¾	58	N.Z. 7¼pc 1988-92	67½	.....	11.11	13.13
82¾	72	Do. 7½pc '83-86	83½	.....	9.39	12.57
96¼	88	Sth Africa 9½pc '79-81	94xd	.....	10.06	15.39
160	95	S. Rhod. 2½pc Non-Ass.	97	+2	—	30.33
169	133	Do. 6pc '78-81 N.-As.	146	+1	—	27.20

LOANS

Public Board and Ind.

Financial

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CANADIANS

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INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

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[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

400	305	Lunuva £1	345		17.0	1.8	7.0

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

255	130	Messina R0.50	248	+8	t30c	◆	2.3

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
180	78½	Anglo-Dominion	158	+3	—	—	—
97	51	Barymin	57	......	—	—	—
17	12	Burma Mines 10p	15	−½	0.62	1.1	6.0
316	53	Colby Res. Corp.	316	+56	—	—	—
502	250	Cons. Murch. 10c.	270	......	t030c	1.8	6.4
180	80	††Hemerdon 10c.	95	......	—	—	—
585	325	Northgate C$1	500	......	—	—	—
*486	322	R.T.Z.	468	−7	t16.0	3.2	4.9
49	16	Robert Mines	40	−2	—	—	—
128	91	††SPO Minerals 10p	128	......	—	—	—
58	26	Sabina Inds. C$1	42	+2	—	—	—
51	31	††SWCM 10p	39	......	—	—	—
650	411	Tara Exptn. $1	560	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	37	......	Conv. 9% '80/82	£93	......
Bertam	15	......	Nat. 9¾% 84/89	£81¾	+⅜
Bdg'wtr. Est. 50p	480	......	Fin. 13% 97/02	£88	+½
Craig & Rose £1	£11	......	Alliance Gas	51	......
Fife Forge	37	......	Arnott	218	......
Finlay Pkg. 5p	27	......	Carroll (P.J.)	80	......
Graig Ship. £1	£22	+1	Clondalkin	106xd	......
Higsons Brew.	67	......	Concrete Prods.	85	+3
Holt (Jos) 25p	273	+7	Heiton (Hldgs.)	34	......
I.O.M. Stm. £1	158	......	Ins. Corp.	310	......
Pearce (C. H.)	560	......	Irish Ropes	37	+1
Peel Mills	49	......	Jacob	33	......
Sheff. Refrshmt.	95	......	T.M.G.	60	−2
Sindall (Wm.)	141	......	Unidare	80	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4		
Barclays Bank	34	Ladbroke	15	**Property**	
Beecham	10	Legal & Gen.	15	Brit. Land	7
Blue Circle	25	Lex Service	8	Cap. Counties	9
Boots	16	Lloyds Bank	24	Land Secs.	24
Bowaters	15	"Lofs"	3½	MEPC	17
B.A.T.	20	London Brick	6	Peachey	13
Brown (J.)	6	Lucas Inds.	17	Samuel Props.	12
Burton 'A'	10	"Mams"	14	Town & City	2
Cadburys	5½	Mrks. & Spncr	8		
Courtaulds	8	Midland Bank	26	**Oils**	
Debenhams	8	N.E.I.	5	Brit. Petroleum	32
Distillers	17	Nat. West. Bank	27	Burmah Oil	26
Dunlop	7½	P & O Dfd.	18	Charterhall	10
Eagle Star	15	Plessey	14	KCA	11
F.N.F.C.	2¼	Racal Elect.	22	Premier	13
Gen. Accident	21	R.H.M.	4½	Shell	35
Gen. Electric	38	Rank Org.	15	Tricentrol	40
Glaxo	18	Reed Intnl.	16	Ultramar	35
Grand Met.	12	Sears	5		
G.U.S. 'A'	34	Tesco	6	**Mines**	
Guardian	23	Thorn	23	Charter Cons.	14
G.K.N.	20	Trust Houses	12	Cons. Gold	40
Hawker Sidd	15	Tube Invest.	23	Lonrho	8
House of Fraser	15	Unilever	40	Rio T. Zinc	35
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Friday October 24 1980

Coal Board offer will be less than 10%

Miners subdued on wages

BY NICK GARNETT, LABOUR STAFF

LEADERS OF Britain's 232,000 miners gave a subdued response yesterday to a gloomy pay presentation from the National Coal Board which indicated that it will be unable to afford an offer above single figures.

The board told executive members of the National Union of Mineworkers that because of the constraints of "a severe economic crisis" and the need to maintain the industry's financial, production and re-investment objectives, a sum of £86m only excluding wage charges such as pensions could be funded for this year's wage increase.

It put no percentage figures to the proposals. The union, which submitted a claim worth about 35 per cent overall to run from January 1 to October 31, was attempting last night to calculate what the global figure would mean on wages.

Initial union calculations suggested it might be just short of 10 per cent, but it was not clear if it would be as high as this on a straight comparison with the existing wages bill.

Mr. Joe Gormley, union president, said when the claim was submitted that he could not envisage putting an offer to his members which would not protect their living standards. He said yesterday, however: "Whether I would say the same today having heard the statement from the board is another matter."

The board's statement had been "depressing news." The industry was not isolated from the recession and the bottom had fallen out of the energy market. The statement and the figures it contained would be carefully studied before the union met the board again on November 6.

"You have to be realistic," Mr. Gormley said. The amount of money available for wage increases came nowhere near the size of the claim. It would be hard "to sell to the lads" the board's financial statement in its present form.

The board's presentation, by Mr. James Cowan, its member for industrial relations, said that for the January to October period the total sum available for all pay settlements was £145m.

The board had considered ways in which more money might be found—such as by increasing prices beyond that already planned and by cutting costs and investment—but these would give rise to serious problems.

The global sums presented in the statement for wage settlements were "as far as we can go."

In the miners' last settlement, the board had lifted its offer costing £240m—the limit of what it said it could afford—to one of £315m. This had helped to cause some of the board's existing difficulties, it said yesterday.

The statement stressed the severe impact of the recession, the expected sale of about 6m tonnes of coal less than last year and £50m revenue loss as the most likely financial outcome for 1980-81 before taking account of the effect of any pay and coal price increases in January next year. In the year 1979-80 the board broke even after taking into account government subsidies.

Yesterday's statement emphasised the strong possibility of a further decline in energy use next year, although Mr. Cowan repeated that maintaining coalmining at the head of the earnings league was still a first objective.

Mr. Mick McGahey, Scottish area president and vice-president of the union, said there was a long way to go in negotiations and they were nowhere near "the stage where we are firing the starter's gun."

Average weekly earnings for coal face workers in April this year came to £147, for all underground workers £135 and for all surface workers £121.

Water workers press for 30 per cent, Page 10

£1.4bn of overseas securities bought

By Peter Riddell, Economics Correspondent

BRITISH FINANCIAL institutions bought more than £1.4bn of overseas company securities in the 12 months after outward exchange controls began to be lifted. This is more than their purchases of UK company securities in the same period.

Central Statistical Office figures published yesterday, on the anniversary of the complete abolition of exchange controls,

Institutional Investment (£m.)

	Gilt-edged stock	UK company securities	Overseas company securities
1979	6,264	1,618	658
1st	1,447	455	95
2nd	1,914	533	75
3rd	1,450	302	166
4th	1,453	328	322
1980 1st	1,254	273	536
2nd	956	364	406

Source: Central Statistical Office.

show how the large inflow of capital into sterling in the last year has been partly offset by switching of money abroad by British investors.

Since the end of controls the pound has risen 15¾ per cent on average against other currencies. The implication is that the rise might have been even greater but for the removal of outward controls.

British institutions, mainly insurance companies and pension funds, invested £1.43bn in overseas company securities between the end of June 1979 and the same month this year, compared with purchases of UK company securities of £1.27bn. This buying continued, however, to be dwarfed by purchases of gilt-edged stocks, which amounted to £5.1bn in the same period.

The recent money supply figures suggest that British institutions may have been buying overseas securities on a large scale since the end of June, to take advantage of the *rise in share prices on Wall Street*.

There are no overall comparable figures for purchases of overseas company securities before 1979. But statistics for pensions funds show quarterly average purchases of £190m in the past year, compared with £90m in 1978.

The latest figures for institutional investment indicate that the net inflow into life assurance companies and pension funds rose slightly to £2.47bn between April and June.

● Minimum Lending Rate was, as expected, left unchanged at 16 per cent yesterday. Prices of gilt-edged stocks were steady after their recent gains but sterling made further ground, rising ¼ of a cent to $2.4425, while the trade-weighted index, measuring its average value against a basket of other currencies, rose 0.3 points to 78.6.

THE LEX COLUMN

Cyclical low at ICI

They may not be working much overtime in ICI's factories round the country, but the accounting department has been putting in Stakhanovite hours to bring out the group's third quarter figures five weeks early. Its endeavours gave ICI the chance yesterday to put in a few timely words about the damage being done to British industry by strong sterling and high interest rates before the CBI conference.

The most eye-catching feature of the third quarter results is that the sum of ICI's divisional earnings—including £30m from Ninian—turns out the wrong side of zero. After exchange adjustment of net current assets there is a £10m loss, compared with £72m pre-tax profit in the second quarter and £155m in the third quarter of last year. Almost as an afterthought the group announced a £150m extraordinary debit, two-thirds of which relates to the closures in the fibre division, including its anticipated terminal losses.

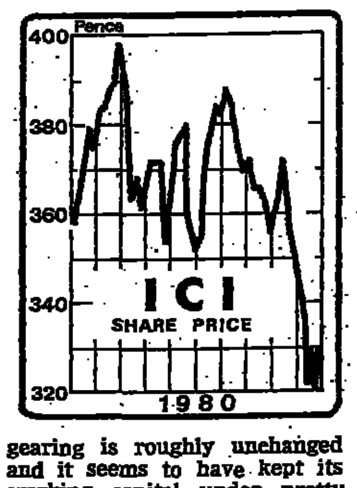
But ICI's claim that these figures had to be published early because City estimates were so wide of the mark needs to be put into context. The group was generally expected to come out with profits in the region of £20m: considering how highly geared to volume ICI's operations are, the difference between this figure and a £10m loss at a time of steeply falling demand is not very great.

For the first nine months of 1980 ICI's volume sales were 6 per cent below last year's, and there was a drop of 10 per cent between the second and third quarters, an awesomely high average figure. Important though the effect of sterling has been, and the effect of high interest rates—largely through their impact on ICI's customers—the fall in volume and, consequently, in selling prices is the real key to ICI's £200m profits collapse during the nine months.

ICI maintained yesterday that the fourth quarter showed no sign of an upturn, and it is certainly true that in many areas of the business conditions must still be extremely bleak. But elsewhere — in petrochemicals and plastics, particularly—European volume has begun to pick up and prices are hardening. ICI's fourth quarter earnings are likely to be negligible, but it is highly likely that the third quarter marks the cyclical low point.

Although ICI has run through its net short-term liquidity of £140m this year, its long-term

Index rose 3.8 to 492.5



gearing is roughly unchanged and it seems to have kept its working capital under pretty tight control. And the group is signalling hard that things will have to get worse still before it will consider a dividend cut.

So the City is not mad to push the shares up 8p to 330p, on the hunch that volumes and prices will look altogether different by the end of next year. Investors may also have a pretty shrewd idea that ICI's periodic forays into politics—such as its bluster about total shutdown during the transport strike in early 1979—can be a good time to buy the shares. The yield is 10 per cent, and the net cost of the dividend is £136m.

Bass Coral

The Bass all-share agreed bid for Coral Leisure was worth £81.7m at yesterday's close, so the group has stepped into Grand Metropolitan's suitor's shoes at effectively an unchanged price. While Coral's share price jumped 9p yesterday to 91p, this still represents a 6 per cent discount on the Bass offer, so it looks as if once bitten by the Office of Fair Trading, shareholders are fighting shy in case it happens again. However, the chances of a reference to the Monopolies Commission are much less strong in this case. Apart from the all-embracing size of assets criterion, the only sensitive spot is the benefit the brewer will derive from gaining control of the giant free house of Pontins.

Bass is picking up about £90m of net tangible assets in Coral—after revaluation—along with net debt of £55m or so. The initial plan seems to be to hold on to all the businesses, so debt may rise from about 23 per cent of shareholders' funds to, say, 27 per cent. This modest level of capital gearing comes down to below 20 per cent after the substantial assets revaluation which Bass is about to unveil. Meanwhile, if Coral's casino appeal is successful under Bass, earnings per share may suffer only the most marginal dilution.

But that would be cream on the cake and Bass must be making the bid on the conservative assumption that it may lose the casinos. One question for the market now is whether Bass' high rating—owing much to its status as a pure brewer—might suffer. The share price fell 7p yesterday to 210p.

German banks

The share price of Commerzbank, third largest of the German "big three" universal banks, dropped another DM 4 yesterday to DM 147.5, bringing its total fall this week to DM 14.3. Indirectly, the weakness of the Deutsche Mark on the foreign exchange markets is hurting all the German banks, and Commerzbank has been singled out as the one likely to suffer most.

The weakness of the currency forces the Bundesbank to keep money tight, and interest rates high. They remain close to the 9 per cent level to which they climbed during 1979. There has thus been no recouping of the bond losses which the banks recorded last year. And medium term fixed rate loans, extended in 1975-78 when interest rates hovered between 3.5 and 5 per cent, are now proving very expensive assets.

Competition has become more severe for the big banks because conditions of tight money, and high non-interest bearing reserve requirements, give particular advantage to the savings and co-operative banks, which have stepped up their challenge from a base of retail deposits. Commerzbank is vulnerable because its balance sheet grew substantially last year, and because this growth was funded overwhelmingly with interbank money.

Both Commerzbank and Dresdner have dropped hints that an almost unprecedented dividend cut might be unavoidable this year. Brokers in Frankfurt are now speculating that Commerzbank could cut its payment quite sharply—from last year's DM 8.50 to perhaps DM 5.00.

Bass in £81.7m bid for Coral

BY JOHN MOORE

BASS, the brewing and hotel group, has made an £81.7m bid for Coral Leisure Group. The offer, which was last night approved by the Coral Board, followed a decision earlier yesterday by Grand Metropolitan to drop its own bid for Coral following the proposed deal being referred to the Monopolies Commission.

On the London stock market, Bass shares fell 7p to 210p. Coral's shares rose 9p to 91p. Shares of Grand Metropolitan rose 4p to 160p.

Bass is offering six of its own shares to Coral shareholders in exchange for 13 Coral shares. Grand Metropolitan offered Coral shareholders 13 of its shares for every 20 Coral shares. On the basis of yesterday's share price movements Grand Met's bid was worth £87.7m.

The Molopolies Commission said nothing yesterday about suspending its investigation. The Department of Trade said the announcement by Grand Met was being studied.

The controversial £300,000 golden handshake" for Mr. Nicholas Coral, chairman of Coral, which was conditional on Grand Metropolitan's offer going through has lapsed.

Mr. Coral said yesterday that he expected to have discussions next week with the Bass board. "I shall want to see how they see the Coral activities fitting in wth Bass. I may be one of the directors who is relevant in the new operations, or I might not be."

The Bass bid came after Grand Met made its announcement in the morning.

Bass said last night that the European market experience of Crest Hotels (owned by Bass) will give the provincial interests of Centre Hotels (owned by Coral) a wider base."

Bass' experience of licensed house management and other leisure related businesses would be complementary to that of Pontins *and other subsidiaries of* Coral, it added. Bass hopes to sell its beer in Coral hotels and Pontins holiday camps.

Bass sees chance to diversify, Page 24

Government freezes cash for council housing

BY MICHAEL CASSELL AND ANDREW TAYLOR

AN IMMEDIATE temporary freeze on all local authority housing expenditure in England was imposed yesterday by the Government.

The move is in response to evidence presented to Mr. Michael Heseltine, the Environment Secretary, that council's overspending on housing investment programmes in the current financial year could reach £180m.

Mr. Heseltine has given the 365 local authorities in England till next Friday to supply him with an up-to-date assessment of final spending totals.

The extent of any further action after next Friday will depend on the severity of overspending which has been taking place.

Building industry and housing authority leaders expressed fears last night that yesterday's announcement of an initial week-long standstill could lead to a much longer freeze on expenditure.

Ministers made it clear that adherence to cash limits was essential and that they would take any action necessary to contain spending within the £2.2bn allocated for local authority housing expenditure in 1980-81.

The block on spending will prohibit local authorities from entering into new contracts involving housing work, including purchase of land.

The decision prevents councils making new commitments on house improvement grants, or mortgages not involving sale of council houses.

The unexpected move drew immediate criticism from the Opposition, the construction industry and local authorities.

It was pointed out that only a month ago Mr. Heseltine categorically ruled out any suggestion that a moratorium on local authority capital programmes was pending, though the Environment Department stressed last night that at this stage it did not regard the announcement as constituting a spending moratorium.

The Government has already clamped down on housing association spending, and as part of a squeeze on defence expenditure introduced a moratorium on new contracts now likely to be extended.

Mr. Roy Hattersley, Shadow Environment Secretary, described the decision as "a declaration of war" by the Government on every council tenant.

"With one million families presently on council waiting lists, this Government's disastrous pursuit of monetarist economic policies has at a stroke further destroyed the prospect of decent homes for millions of people," he said.

Mr. Hattersley's accusations were denied by Mr. John Stanley, the Housing Minister, who said that the Labour Government had chosen to impose a moratorium on housing expenditure in an attempt to curtail public spending.

The move prompted fierce response from local authority leaders. Mr. Jack Smart, chairman of the Association of Metropolitan Authorities, described the freeze as "a panic reaction that is totally unjustified."

Ivor Owen, Parliamentary staff, writes: In the Lords last night, Lord Bellwin, Under Secretary for the Environment, denied that the move was a "panic measure."

He stressed the Government's determination to adhere to the £2.2bn cash limit for housing.

The Government believed it would be wrong to allow spending to continue in the normal way while local authorities were providing new figures.

Earlier, Opposition peers attacked the Government for announcing the moratorium without first informing Parliament.

Editorial comment, Page 20
Defence spending may need cut, Page 8

Thomson Organisation rebuffs approach by print unions

BY CHRISTIAN TYLER, LABOUR EDITOR

A LAST-DITCH attempt to reverse the Thomson Organisation's decision to sell Times Newspapers was mounted by print unions yesterday with promises of speedy agreement to allow computerised typesetting to start at New Printing House Square.

But the unions were told again yesterday that the decision to sell — or close the papers if they are not sold by March next year — was irrevocable.

Last night the Times board made plain that it would not go ahead with the new technology deal, *involving an initial* pament of £1.5m to compositors, even though they may be encouraged to settle the issue to make the paper more attractive to a purchaser.

Suspicion that buyers will be hard to find for the titles in their present state is increasing. Yesterday, Mr. Joe Wade, general secretary of the compositors' union, the National Graphical Association, said that was why the unions poped still to persuade Lord Thomson to change the decision.

The same doubts are being voiced by the limited liability company formed last year by journalists on The Times and its three supplements who yesterday published a statement of their aims.

The £4 shareholders of the company, JOTT, who now number 260 of the 300 editorial staff, yesterday met to welcome the support for a consortium expressed by Mr. William Rees-Mogg, editor of The Times.

The print unions' attempt to change Lord Thomson's mind begins this morning with a meeting with British Thomson Holdings. Mr. Wade said: "I am quite convinced we can carry the whole of our membership with us on the new technology. We believe that that should be sufficient reason for Thomsons to change their minds. We are certainly prepared to make compromises."

Meanwhile, Times Newspapers has assured the Guardian that it will continue the contract to lease its presses to print the Guardian until Thomson ownership ends in March. The Guardian seemed confident last night of finding another contractor if necessary after that.

Machinery is the millstone, Page 8

Weather

UK TODAY

RAIN, heaviest in the north.

S., E., W. and N.W. England, Wales, S.W. Scotland, Ulster

Cloudy with scattered showers; bright intervals later. Max. 12C (54F).

N.E. England, rest of Scotland

Rain at times. Strong winds. Max. 11C (52F).

Outlook: Showers but some sunshine; windy. Temps. normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	18	64	Lisbon	C	19	66
Algiers	S	23	73	Locarno	F	12	54
Amsdm.	S	13	55	London	C	13	55
Athens	F	22	72	Luxmbg.	C	11	52
Berclna.	F	19	66	Luxor	S	36	97
Beirut	F	26	79	Madrid	F	18	64
Belfast	C	10	50	Majorca	F	21	70
Belgrd.	S	18	64	Malaga	C	27	81
Berlin	R	11	52	Malta	S	22	72
Biarritz	F	19	66	M'chstr	C	10	50
Bmghm.	F	12	54	Melbne.	R	17	63
Blackpl.	R	11	52	Milan	C	12	54
Bordx.	S	17	63	Mntreal.	S	−2	28
Boulgn.	C	13	55	Moscow	S	5	41
Bristol	F	13	55	Munich	S	14	57
Brussels	F	13	55	Nairobi	F	27	81
Budpst.	C	10	50	Naples	C	18	64
Cairo	S	28	82	Nwcstl.	R	11	52
Cardiff	C	14	57	N. York	S	6	43
Cas'b'ca	F	21	70	Nice	S	20	68
Cape T.	S	19	66	Oporto	C	16	61
Cologne	R	14	57	Oslo	F	2	36
Cpnhgn.	C	10	50	Paris	C	13	55
Corfu	S	23	73	Perth	S	18	64
Dublin	C	11	52	Prague	F	11	52
Dbrvnk.	S	20	68	Reykjvk.	R	8	46
Ednbgh.	C	11	52	Rhodes	C	19	66
Faro	C	22	72	Riyadh	S	36	97
Florence	S	15	59	Rome	S	19	66
Frankft.	C	10	50	Salzbrg.	S	12	54
Funchal	S	23	73	Seoul	S	16	61
Geneva	F	12	54	Stckhm.	S	5	41
Gibrltr.	F	24	75	Sydney	S	22	72
Glasgow	R	12	54	Tangier	F	21	70
G'nsey	C	12	54	Tel Aviv	F	26	79
Helsinki	S	2	36	Tokyo	S	18	64
H. Kong	R	24	75	Tunis	S	21	70
Innsbrk.	C	12	54	Valencia	S	24	75
Invrnss.	C	11	52	Venice	S	12	54
I.o.Man	C	11	52	Vienna	S	11	52
Istanbul	C	18	64	Warsaw	S	12	54
Jersey	C	12	54	Zurich	R	9	48
L. Plms.	S	23	73				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Continued from Page 1

Kosygin resigns

Mr. Brezhnev slowly began to take the credit for all major Soviet policy decisions, even those in the economic sphere. His domination of foreign policy in the 1970s was symbolised by his signing of the Helsinki agreements in 1975 on behalf of the Soviet Union, while Mr. Kosygin, the head of Government, and Mr. Nikolai Podgorny, then President, remained behind in Moscow.

Mr. Kosygin was born in St. Petersburg, now Leningrad, and joined the Communist Party in 1927. Like many other Soviet leaders his career progress was facilitated by the purges which removed many of the old Soviet leadership.

He became Mayor of Leningrad in 1938, Minister for the Textile Industry in 1939, and a Deputy Prime Minister in 1940, playing an important role in the war in evacuation of industry to the East.

He became a member of the Politburo in 1960. When Mr. Khrushchev was ousted in 1964 the Soviet leaders decided the Government and Party leadership should be separated.

Mr. Kosygin, who had gained a reputation for remarkable organisational ability, became Head of Government while Mr. Brezhnev became head of the Communist Party.

Paul Betts writes from New York: The resignation of Mr. Koskgin sent stock prices sliding in early trading on the New York Stock Exchange. At noon the Dow Jones indsutrial average index dropped eight poitns as dealers claimed that the appointment of Mr. Tikhonov causing concern in the market.

However, some dealers also suggested that while the news of the Soviet Premier's resignation helped the decline in stock prices, the market was also due for a correction after its latest five months rally.

Continued from Page 1

Treasury forecast

The underlying rate is currently reckoned to be around 10 per cent.

After taking account of the annual bunching of some price rises and local authority rate increases in the first few months of the year, there is general agreement that the 12-month rate of increase should be down to between 11 and 12 per cent by next summer. It is currently 15.9 per cent.

Some official economists believe there is limited scope for a further fall to single figures since profit margins are unlikely to be squeezed any further. But others in the Treasury believe more optimistically that the strong pound and a cut in the mortgage rate early next year could result in a single figure inflation rate by mid-1981.

No decision has yet been reached on what figure will appear in the published forecasts. It is also not clear how much will be disclosed about the unemployment projections, apart from the working assumptions which have to be revealed to the Government Actuary so that future unemployment benefits can be estimated.

Queen to open third synod

THE QUEEN will receive one of the first copies of the Church of England's alternative services book when she inaugurates the Church's third general synod next month.

She will attend a Westminster Abbey communion service conducted according to the Book's "rite A," a radically modified version of the "series three" modern language liturgy.

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